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4 October 1967

DRAFT DCI BRIEFING FOR
HOUSE ARMED SERVICES SPECIAL
SUBCOMMITTEE ON NATIONAL DEFENSE POSTURE
Rep. Porter Hardy, Chairman
0900 Monday 9 October 1967

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

INTRODUCTION

- I. I would like to begin by noting that the field of your inquiry, as defined in the Chairman's initial announcement, centers on ^{American} ~~the~~ commitments and capabilities, while the attention of the ^{U.S.} ~~the~~ intelligence community is directed primarily at the present capabilities and possible future intentions of foreign powers.
- A. My contribution to your hearings is therefore, in ^{this} ~~a~~ sense, collateral. It will deal with the existing and potential threats which may--or already do--levy on the commitments and capabilities of this country.
- B. To give you an idea of where I may be able to serve your purposes most directly, let me summarize briefly the role of CIA--and the intelligence community as a whole--in the U.S. Government.
1. Our primary job is to keep the U.S. Government informed on foreign developments

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which have national security significance;
to estimate the probable course or consequences of these developments; and to give timely warning of potential problems affecting our national security.

2. We supply the operating and policy ~~staff~~ ^{level} with national intelligence--in other words, finished reporting which contains the coordinated and agreed evaluation and analysis of all ~~intelligence~~ elements in the intelligence community.
 3. The individual intelligence components still specialize in their respective departmental fields--for instance, DIA is particularly interested in tactical military intelligence. The final product of agreed national intelligence takes into account all of the information and all of the expertise available in all of the departmental components, to give the policy makers the best support possible.
- C. I propose to give you then, the best judgments available to me as Director of ~~the~~ ^{Central} Intelligence, ~~community~~, specifically on the existing and

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potential threats to U.S. interests in the
Far East and Southeast Asia.

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CHICOM CULTU-
PAL REVOLUTION

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COMMUNIST CHINA

I. The logical starting point is Communist China.

It is the major hostile power facing us in the Far East, with a thermonuclear capability, large conventional forces based on the massive manpower of ⁷⁹⁰~~750~~ million people, and a record of unwavering, aggressive hostility toward the United States and the Free World.

A. This challenge is limited for the time being by two factors: the domestic turmoil of the Cultural Revolution, and certain weaknesses of the conventional armed forces.

B. I will first discuss these limitations, and then examine Peking's strengths, the foundations and objectives of present Chinese Communist policy, and finally the Chinese threat as seen from the perspective of the other countries in the Far East and Southeast Asia.

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The Cultural Revolution

- I. Communist China has been rocked for the past year and a half by the convulsions which Peking calls the Cultural Revolution.
 - A. In the summer of 1966, Mao Tse-tung launched a campaign designed to ensure that China--during Mao's remaining years and after his death--would remain on a radical and revolutionary course.
 1. These terms are relative. You might say that--from Mao's viewpoint--the Soviets with their matured revolution, their advanced economy, and their international line of co-existence, had turned stodgy and conservative. Mao was concerned that the same thing might be happening to the Chinese leadership around him, after nearly two decades in power.
 2. His purge was aimed directly at the Communist Party leadership, and the party bosses in the provinces.
 3. The Communist Party was hardly an effective instrument to purge itself, so he created the Red Guards.

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- B. The men Mao was gunning for did not surrender tamely. They organized their own mobs, which also called themselves Red Guards and claimed to be working for the Cultural Revolution. They incited workers in some cases to attack the Red Guards. They sought and sometimes got the support of local military commanders.
- C. There is ample evidence that ~~the~~ ^{Mao's} Red Guards, once they had been created, engendered their own momentum and picked their own targets. They proved difficult if not impossible to control.
- D. What might be called a "third force" seems to be taking shape, probably centered around Premier Chou En-lai and composed of government ministers and military commanders.
1. These men are concerned over the growing chaos and disruption, concerned over their own security and status, and outraged over the excesses and irresponsibility of the Red Guards.

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- E. Twice this year--in January and again in August--they seem to have brought enough pressure to bear on Mao and his designated Number Two Man, Marshal Lin Biao, to bring about the temporary moderation of the Cultural Revolution.
- II. Early this summer, despite the efforts for moderation, China was in its most severe crisis since the Communists took control of the mainland in 1949. Violent conflict was reported from every province.
- A. Groups of fanatic Red Guard extremists were engaged in pitched battles with one another, and with organized workers.

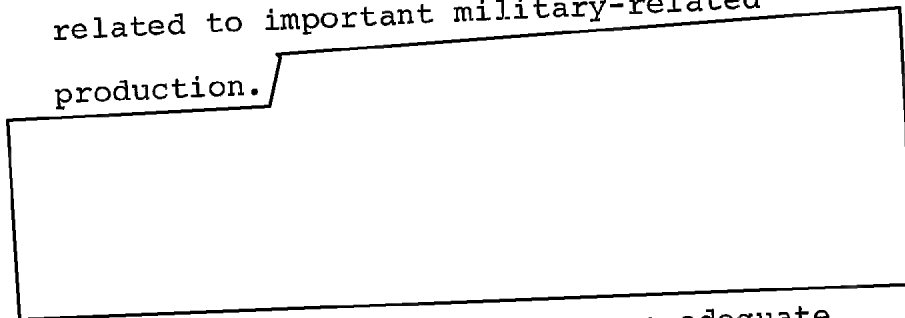
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- B. The Chinese economy began to feel the pressure.

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1. For many weeks, there have been serious disruptions of rail and river transport.
2. Sporadic shutdowns have hit key industrial centers--possibly including some plants related to important military-related production.



3. Chinese agriculture may have an adequate food crop in the fields this year, but even if it is successfully harvested, continuing turmoil will interfere with the distribution to cities and to food deficit areas.
- C. The disruption of industry and agriculture is being reflected by a sharp drop in foreign trade in recent months, reducing cash earnings and setting back economic growth.
1. Food shortages will heighten unrest and disorder.
 2. Propaganda media, appealing to the public to maintain production, have cited a September directive that "it is forbidden to make revolution during working hours."

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The Role of the "People's Liberation Army"

III. In the course of the Cultural Revolution, the army has not come down with cohesive and unmistakable force on either side.

A. Early in the purge, Marshal Lin Piao was proclaimed as Mao's closest associate and chosen successor.

1. It has been clear, however, that the armed forces--and even the military leadership--have been less than monolithic in their loyalty to Mao and Lin Piao.
2. It appears inconceivable that Mao and the men around him--if they were sure of the army's reliability--would not have called on it earlier to crush provincial resistance.
3. The Red Guard denunciations have reached high into the military commands.

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- B. The army, always a political instrument in Communist China, has been called on increasingly to restore order, provide administration, and keep the economy operating. In this respect, it is working with the forces for moderation.
- C. Since January, the Chinese Communist Party's administrative apparatus has been discredited and largely dissolved. It can no longer play its former central role in the day-to-day governing of the country.
1. In addition, the upper levels of the governmental apparatus have in large measure been paralyzed by the excesses of the Cultural Revolution, producing something of an administrative vacuum.
 2. As a result the army has been forced to take over the administration of large areas of China. In March, Lin Piao said that 30 military commands, ranging from battalions to entire divisions, had been assigned to administrative duties, taking over 7,000 "units." (The "units" could be anything from a farm to a province.)

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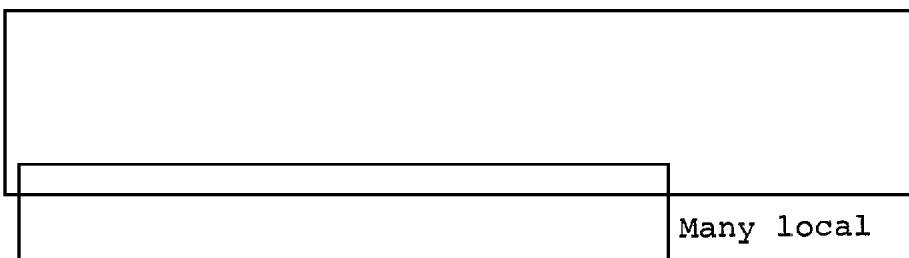
3. Since March the army's administrative tasks have expanded further. Still more troops have been diverted to these additional tasks.

D. In its expanded administrative role, the army has found itself at times in conflict with the more militant Red Guard groups.

1. This was particularly true in February and March, when the military clamped down on Red Guard activity in the name of order and rationality.

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Many local

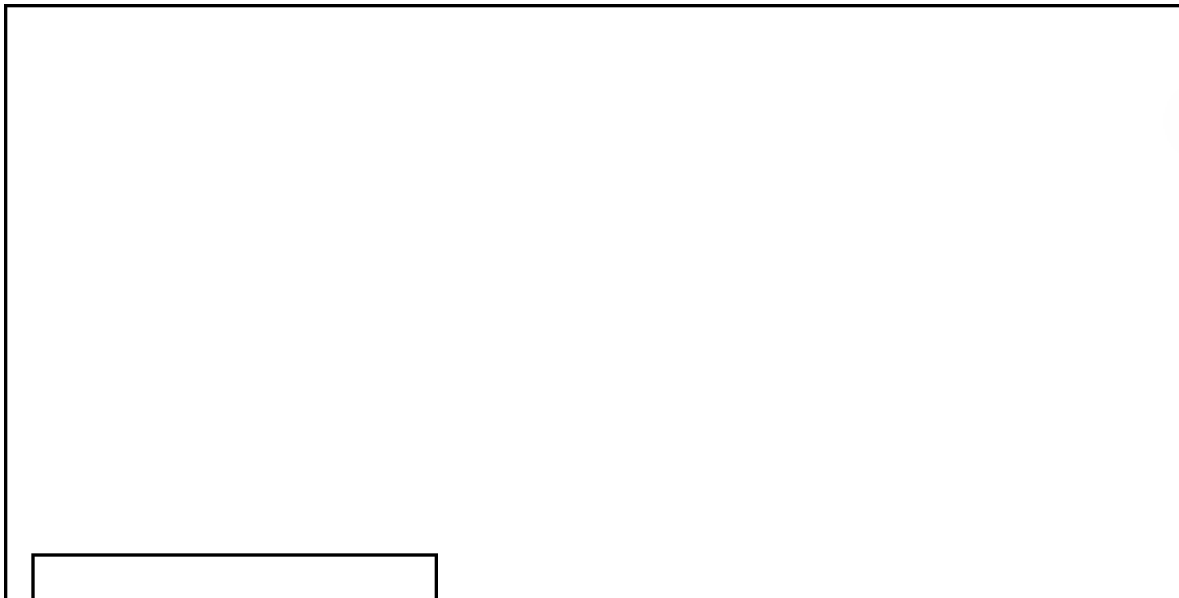
military commanders have been accused by the militants of "suppressing revolutionaries."

E. The increasing involvement in local political struggles has gradually forced army commanders to abandon the position they first sought to maintain of being "above the battle."

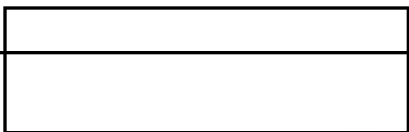
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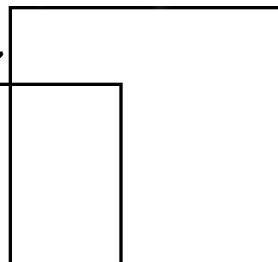


the army has shown con-

siderable distaste for further involvement

in the local political infighting.

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IV. The dissatisfaction of the men around Mao over army opposition to the more extreme "revolutionary" policies came to a head in late July, in a serious confrontation between the Peking Maoists and the powerful commander of the Wuhan Military Region. This "incident" was followed by a nationwide propaganda campaign against unnamed dissident military leaders.

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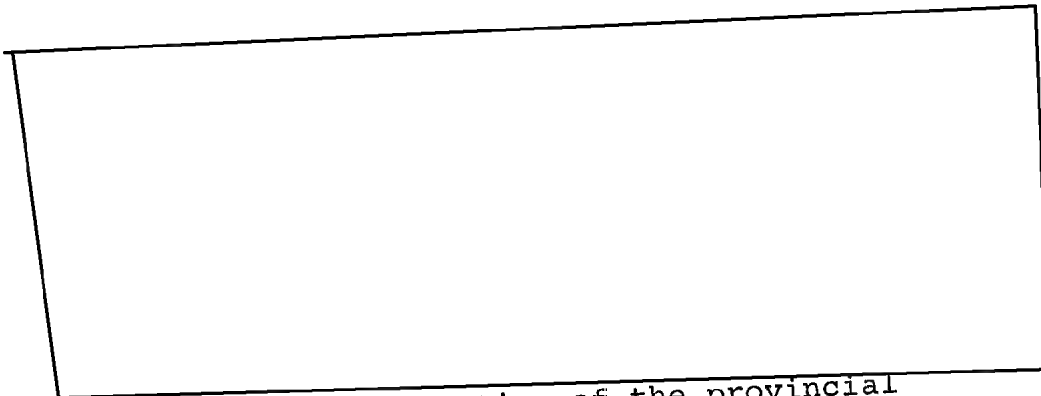
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- A. Two important emissaries from Peking were detained from July 20th to 22nd by worker groups responsive to the Wuhan Military Region commander.
1. Peking reacted with a violent campaign against the dissident commander, and the Wuhan command was reorganized.
 2. Military leaders who had been running Hupeh province in the Wuhan Military Region were also replaced, as were the military leaders in the adjacent provinces of Honan, Hunan and Kiangsi.
 3. On July 22nd, Mao's wife made an inflammatory speech denouncing the Wuhan commander, and instructing Red Guards everywhere to acquire arms in "self defense."
- B. Violent conflicts soon broke out in nearly every province between Red Guard groups incited by Peking, and workers organized and responsive to local military commanders.

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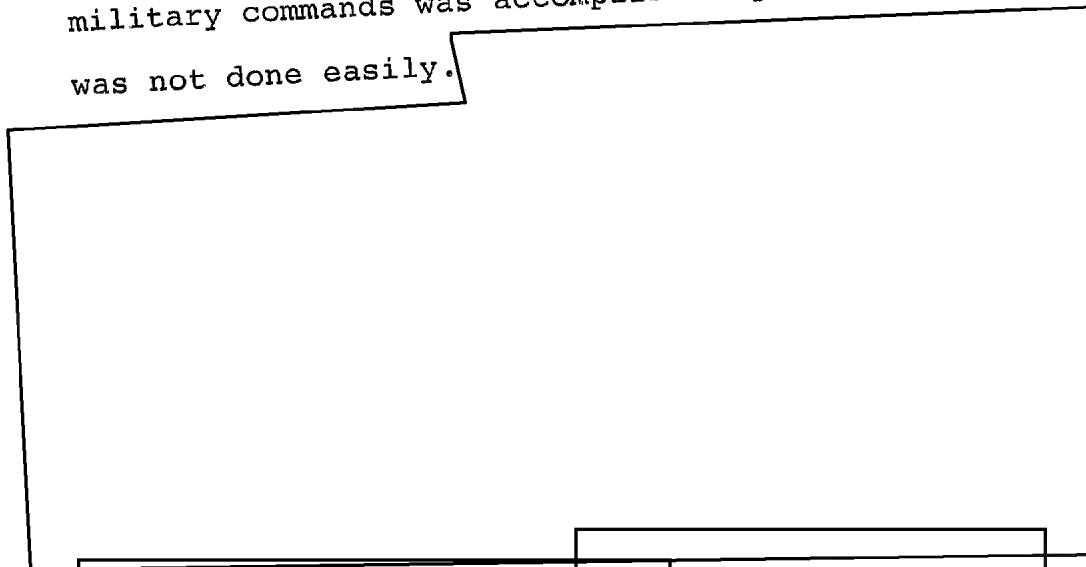
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C. While the reorganization of the provincial military commands was accomplished quickly, it was not done easily.

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D. In many other provinces, Red Guards launched virulent campaigns against the military governors--usually commanders of the local military district or region.

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1. A few local commanders and military figures in Peking were removed, but many others apparently survived the Red Guard onslaughts.
- V. In September, Maoist leaders abruptly retreated, and began conciliatory moves designed to patch up their differences with the army.



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- B. Attacks on the army were forbidden, and the importance of the military was emphasized in official propaganda.
 - C. Even Mao's wife, in a sharp turn-about, was required to warn against attacks on army leaders, saying that such attacks had caused grave dissatisfaction in military circles.
 - D. These new moves indicate considerable concern in Peking about the morale and reliability of the military establishment.

VI. The recent developments suggest, in fact, that the current moderation of the Cultural Revolution could be something more than a tactical withdrawal.

- A. It is clear that major policy decisions were made at the end of August, when the first moves toward moderation were noted.
- B. The evidence raises the possibility that there has been a shift in the power balance in Peking, and that as a result the more extreme objectives of the Cultural Revolution have been abandoned.
- C. Meetings of senior political and military leaders apparently were held throughout September, and military unit commanders from various provinces assembled in Peking at the end of the month.
- D. Military figures were given unusual prominence during the Chinese Communist National Day celebrations on October first, including some who have been under heavy political attack, and many who have not appeared in public all year.
- E. In contrast, the organization called the "Cultural Revolution Group," which has been closely identified with the more extreme policies of the past year, was not even mentioned in the speeches on

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National Day. The Group had featured prominently at all major public occasions of the past 12 months. Now it seems to have been downgraded, and three of its members have been strongly criticized in recent weeks.

VII. There was little question this summer that if Mao and his associates did not call off or moderate the extreme phase of the Cultural Revolution--a decision they must have been most reluctant to take--the result could only be chaos, and perhaps a state of complete anarchy.

- A. The Old China Hands were starting to talk in terms of the fragmentation of China into a number of virtually independent regions--a return to the "warlord days" of the 1920's.
- B. The onset of the crucial fall harvest, now in progress, may have been a decisive factor in the switch to moderation.
- C. As matters stood in July and August, continuation of the violence and disorder would have made it very difficult--if not impossible--to collect the food from the farms and get it into government granaries.

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VIII. Even if the forces of moderation, supported by the military establishment, should come out on top in the end, there is no sign whatever that Peking would waver in its unremitting hostility to the United States.

A. Both the fanatics around Mao, and the relatively moderate leaders opposed to him, are dedicated hard-line Communists who believe that the United States is China's Number One Enemy.

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CHICOM
ARMED FORCES

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CHINESE COMMUNIST ARMED FORCES

I. Even if there were no Cultural Revolution, Peking's ambitions for great power status in the world and the dominant position in Asia would be hobbled by limitations of the Chinese Communist armed forces.

A. Peking has a massive military establishment in terms of manpower, but we do not believe it could overrun any of its neighbors in the face of significant resistance from a major power.

1. The first priority for the Chinese Communist armed forces is defense of the mainland, and protection of the regime.

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2 October 1967

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CHINESE COMMUNIST STRATEGIC WEAPONS

- I. Communist China has developed modern weapons for strategic attack. This has required a concentrated effort with the highest priorities, at the expense of the rest of the economy and the conventional modernization program. Since the withdrawal of Soviet aid in 1960, the Chinese have done this on their own.

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2 October 1967

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CHINESE COMMUNIST FOREIGN POLICY

- I. Communist rule in China is less than 20 years old, but the foundations of Chinese Communist foreign policy reach back centuries into Chinese history.
 - A. China has traditionally exerted a strong cultural and political influence in other parts of Asia, and the present leaders in Peking are constantly pointing to their own revolutionary experience as a model for other Asian nations to copy.
 - B. Their objectives, however, go beyond mere influence and example. Historically, imperial China regarded itself as the "Middle Kingdom," to which all surrounding nations owed tribute and fealty.
 - C. Mao and his associates may not consider themselves imperial, but they are still Chinese, and they are clearly bent on restoring China to the traditional imperial position as the center of all Asia.

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D. They have a messianic conviction in the righteousness and inevitable success of their cause, both for China and for Communism.

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As Peking sees the world, then, China must not only dominate Asia, but must be a major world power and the acknowledged leader of the international Communist movement.

II. Peking today looks on the United States as the principal threat to its ambitions in Asia, and considers the U.S. military presence in the Western Pacific a major threat to Chinese national security.

A. From the ideological point of view, the United States is also the leading "capitalist-imperialist" power, and must be totally discredited to prove the correctness of Chinese doctrine.

B. The Chinese leaders realize that for the present they do not have the strength to drive

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the U.S. out of the Far East by direct application of force, so they concentrate their efforts on changing the balance of power in the area, stirring up anti-U.S. feeling and, wherever possible, undermining U.S. alliances and military base agreements.

The Sino-Soviet Dispute

III. Peking's policy of implacable hostility toward the U.S. is matched only by the bitter and vituperative state of relations between Communist China and the Soviet Union.

- A. During the past year, the most striking feature has been the willingness of each side to publicize the extent to which relations have deteriorated.
- B. For all intents and purposes, party contacts do not exist. State relations are minimal and formal. Cultural contacts continue on a very small scale, and trade continues to decline.
- C. The past year has seen Soviet diplomats in Peking suffer abuse and physical violence

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at the hands of Red Guards. Soviet ships have been detained in Chinese ports, and their crews roughed up. Peking has unilaterally terminated a number of bilateral agreements, and has been generally intransigent in any bilateral discussions.

D. We see little likelihood that the situation will change as long as the present leaderships hold power in Moscow and Peking.

1. What happens in China after Mao is gone will determine whether the dispute is to get worse, or ease up. Even then, any relaxation of tension would probably be short-lived.

2. Peking is hardly likely to give up its ambitions for world Communist leadership and Asian political hegemony. Nor is it likely to renounce its traditional interests in border areas, where it considers that Mongolia should be a Chinese satellite, and maintains claims to extensive areas detached from old China by Czarist Russia.

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E. Moscow is bound to be concerned over the chaos shaking a huge neighbor, particularly when it can exert little control over events just across the border.

IV. The area of most direct concern to Peking and Moscow, of course, is the 4,000-mile common frontier.

A. The Soviets have been building up their forces in the areas bordering on China gradually since the early 1960's. This build-up has been somewhat accelerated during the past year or so, and there is now evidence that the Soviets are stationing major ground force units in Mongolia around Ulan Bator.

B. The Soviet build-up along the China border is likely to continue at something like the present deliberate rate. The force goals are probably quite limited, however, and are not likely to lead to a large-scale offensive capability.

C. Chinese military reactions to the Soviet augmentation have been quite restrained, but

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Peking has tightened controls over ethnic minorities in border areas which might respond to Soviet subversion.

Peking, Moscow and the Vietnam Issue

(MAP, ASIA CENTERED ON PEKING)

V. Over the past two or three years, the Sino-Soviet quarrel has increasingly centered on the war in Vietnam and its eventual outcome. And if you look at the world from China's geographic point of view--as in this map centered on Peking--you can see why Peking's policies have their greatest immediate impact on South and Southeast Asia.

A. Southeast Asia is

China's

doorstep to the South Pacific, and to the Indian Ocean.

B. These geopolitical considerations are going to keep Chinese Communist policy toward Southeast Asia expansive, dynamic, and above all aggressive.

C. To a large degree, this explains why the struggle for Vietnam is of paramount concern for the Chinese. It is the place where the

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short-term aims and long-range ambitions of Chinese foreign policy come into sharp focus. Developments there will have sweeping consequences for China's broader struggles with the U.S. and with the Soviet Union.

VI. The Chinese have every desire to see the Vietnam struggle continue. They view it as a primary example of a "people's war" being waged against the principal enemy--US imperialism.

A. The Chinese want to prove conclusively that "wars of liberation" can triumph over US military power without bringing about a major international war.

B. A resolution of the Vietnam conflict along these lines would go far in restoring Peking's influence among Asian Communists, and would bolster the claims that world Communists should look to Peking, not Moscow, for guidance in launching and conducting their own revolutions.

1. This is not just a question of dialectics.

In many Latin American countries today, the local Communists are divided into

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Moscow, Peking, and Castro factions over the question of the best means of seizing power.

2. A victory for Communism in Vietnam might help either the pro-Chinese or pro-Castro factions, inasmuch as both advocate violent revolution. It would be bound to weaken the leadership of those factions which advocate the more gradual path of political subversion.

VII. Vietnam creates something of a dilemma for the Soviet Union.

A. The fundamental Soviet reaction is to give all possible assistance to a Communist brother fighting a capitalist-imperialist power.

1. This is not only a gut reaction, but a practical one. It has played a major part in the ability of Brezhnev and Kosygin to isolate Peking and rally the rest of the world's Communist to Moscow's leadership.

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2. The insistence of Khrushchev that the Peking leadership must be condemned by international Communism had split the movement. Few of the parties were willing to attend any international conference called for this purpose.
 3. The new Kremlin leadership emphasized united Communist support for Vietnam. Peking's refusal to cooperate with Moscow in support of Hanoi, coupled with the excesses of the Cultural Revolution, succeeded where Khrushchev's frontal tactics had failed.
 4. The international Communist movement once again looks to Moscow for leadership, at least in support of North Vietnam against the United States.
- B. This means, however, that the Soviet Union can hardly afford to be less fervent in its support of the Vietnam war than Peking, and above all it can not afford to run the risk of any blame in the event that North Vietnam is defeated, or forced to compromise for less than victory at the negotiating table.

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Vietnam and Soviet-U.S. Relations

VII. At the same time, Vietnam is peripheral to the vital interests of the Soviet Union. In Kremlin eyes, it is certainly not worth a direct confrontation with the United States, with the inherent risks of bringing on global war.

- A. The Soviet Union will do everything possible, short of direct involvement, to help North Vietnam continue the fight.
- B. The Soviets might help to bring about negotiations if they thought talks could be to Hanoi's advantage, and if the North Vietnamese were so inclined.
 - 1. The Kremlin can not, however, as I just noted, expose itself to a charge of having forced the North Vietnamese to the conference table.
- C. The Kremlin is probably happy to see major U.S. forces deeply committed in a distant area without any corresponding Soviet commitment.
 - 1. Soviet propaganda and diplomacy all over the world is concentrating on making the United States the villain in the Vietnamese war.

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2. The public Kremlin posture on U.S.-

Soviet relations is that there is little prospect for improvement or detente as long as the war in Vietnam continues.

D. But at the same time, the Kremlin leaders realize that if there is going to be any meaningful progress on matters which are truly essential to their national interests--such as East-West trade, European security, and perhaps arms control--sooner or later they are going to have to resume the dialogue with the United States.

1. There has, in fact, been some progress on matters not directly related to Vietnam--for instance the civil air agreement, the treaty on peaceful uses of outer space, and the draft of the nuclear non-proliferation treaty.

2. Soviet leaders have used a number of opportunities to emphasize privately that they do not want the Vietnamese issue to bring about a showdown with the United States.

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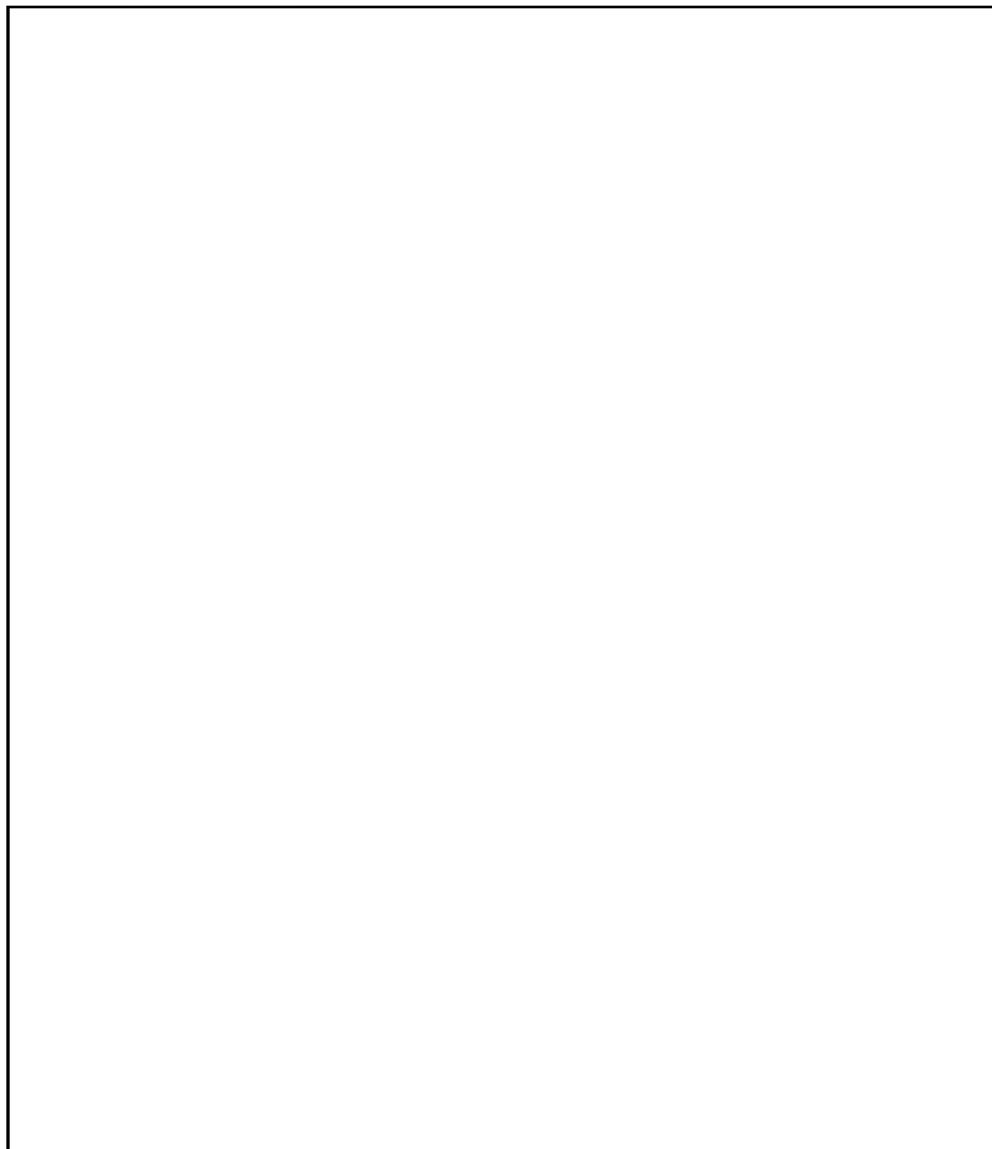
- E. It is clear that they want to keep their lines of communication with Washington open and working, and would be reluctant to see their necessary support for Vietnam send vital interests in Europe and elsewhere down the drain.
- F. Almost certainly, the Moscow leaders hope that some day Hanoi, or Washington, or both, will make a political solution of the war possible.
 - 1. In the meantime, they will try to persuade the United States not to escalate the war any further, and to agree to terms for a settlement which would be acceptable to North Vietnam.
 - 2. They will probably not try to bring any real pressure on Hanoi to modify its terms for such a settlement, and they probably believe that such pressure would probably be ineffective under present circumstances anyway.

Soviet and Chinese Aid to Vietnam

- IX. The Soviet Union provides the great majority of the military aid North Vietnam needs to keep on fighting.

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- A. This aid includes surface-to-air missiles, aircraft, field guns and anti-aircraft artillery, and ammunition.
1. Soviet military aid is shipped by land, across China.



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- B. Soviet economic aid to North Vietnam may amount to as much as \$200 million this year. It is designed to maintain and repair North Vietnam's essential services and industries, and provide a minimal subsistence.
1. Most of this economic aid, including such war-related items as trucks and P.O.L., reaches North Vietnam by sea.
 2. A large share of the increased tonnage reaching North Vietnam by sea in the first half of 1967 consisted of food from the Soviet Union and Eastern Europe.
 3. Soviet economic aid includes machinery, vehicles, and road-building equipment.
- X. Chinese economic aid to North Vietnam this year may run to about \$80 million, in comparison to the \$200 million from the Soviet Union. The Chinese send in--by sea, by rail, and by truck-- food, raw materials, some petroleum, and consumer goods.
- A. The Chinese have furnished some fighter

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aircraft and patrol boats to North Vietnam, but their military aid consists primarily of large quantities of small arms, useful in both North and South Vietnam.

Chinese Relations with North Vietnam

XI. The relations between Hanoi and Peking have changed radically since the Khrushchev era, when China was the only effective ally the Vietnamese Communists had.

A. The Chinese are concerned over Moscow's steadily increasing support for the Vietnamese, Hanoi's eager acceptance of Soviet aid, and recurrent displays of independence on Hanoi's part.

1. Peking is almost certainly concerned over the possibility that Hanoi might decide to agree to negotiations with the U.S. if the bombing is stopped. The Chinese have lectured the Vietnamese incessantly and imperiously on the dangers of such a course.

B. Hanoi in turn has persisted in its policy of maintaining close relations with Moscow ever since the Soviets began to provide

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greater support for Hanoi's war effort.

C. The Vietnamese are also very concerned over the Chinese Cultural Revolution.

1. They are well aware that the disorders in China diminish the credibility of the threat of Chinese intervention in the war, an ace in the hole which the Vietnamese would clearly like to keep.

2. The mere threat that rail disruptions in China might affect aid shipments to North Vietnam is enough to sour Hanoi on the Cultural Revolution.

D. Despite these frictions between Peking and Hanoi, there is no evidence that they have affected the attitude of either party toward the war, or reduced the level of Chinese support.

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E. The extent of Chinese influence over Hanoi is clearly limited.

1. China's proximity to North Vietnam and the political, economic and military support given Hanoi by Peking all ensure that any Chinese recommendations or advice are at least considered by Hanoi.
2. Peking and Hanoi take differing public stances, however, on the subject of Vietnam negotiations, and Hanoi's intention to maintain an independent position indicates that the Vietnamese intend to conduct their affairs in the

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light of their own self-interest.

3. Although Peking could threaten to cut off all assistance to Vietnam if the latter adopted policies opposed by the Chinese, Peking is aware that such threats could be counterproductive and only push Hanoi into closer relations with the Soviet Union.

F. It is most unlikely that Peking would attempt to keep the war going in the face of Vietnamese determination to enter into negotiations.

1. Chinese leaders have privately commented that in the last analysis this decision is up to Hanoi.
2. A Chinese official indicated that if such a development occurred, Peking would label it as an abandonment of the correct path under Soviet pressure, and oppose the "deviationist" move just as the Chinese criticized North Korean leader Kim Il Sung when he began to respond favorably to Soviet overtures in 1966.

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Possibility of Chinese Intervention

XII. The Chinese Communists have always moved very carefully on the subject of Vietnam, despite occasional statements carrying the threat of massive intervention. They have followed a cautious policy designed to hold down the risk of a military clash with U.S. forces.

A. This is not to say that Peking has been bluffing, or that there has been no chance of massive Chinese intervention in the fighting. We believe there are presently three situations which would probably bring the Chinese into the war, reluctantly but in large numbers.

1. One of these would be U.S. air strikes against targets in China. In May 1965, Chinese Foreign Minister Chen Yi asked

[redacted] to pass along a warning to this effect.

2. The second circumstance which would probably trigger Chinese intervention would be a major U.S. invasion of North Vietnam. Chinese leaders passed this word to [redacted]

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3. In addition, if the collapse of the Hanoi Government should seem imminent, China would probably move into North Vietnam to restore order and perhaps establish a puppet government to control a buffer zone along the southern frontier of China.

- B. These "flashpoints" probably still exist, and any U.S. actions which disregarded the private Chinese warnings given more than two years ago would run a grave risk of bringing on the "wider war" threatened in Chinese propaganda from time to time.
- C. We think, however, that developments during the past year have operated to increase Chinese caution, probably raising Peking's threshold of sensitivity.

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1. Chinese propaganda concerning Vietnam has decreased sharply in volume over the past two years. Peking has made no mention of "volunteers" for Vietnam since the fall of 1965, except for brief flurries last summer and fall, just after U.S. bombing near Hanoi and Haiphong.
2. The Chinese have avoided any reference to the step-up in bombing near the Chinese border this summer, and their propaganda repeatedly emphasized that the Vietnamese must bear the primary responsibility for the struggle, with China acting in a support capacity.

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HAIPHONG
(backstop)

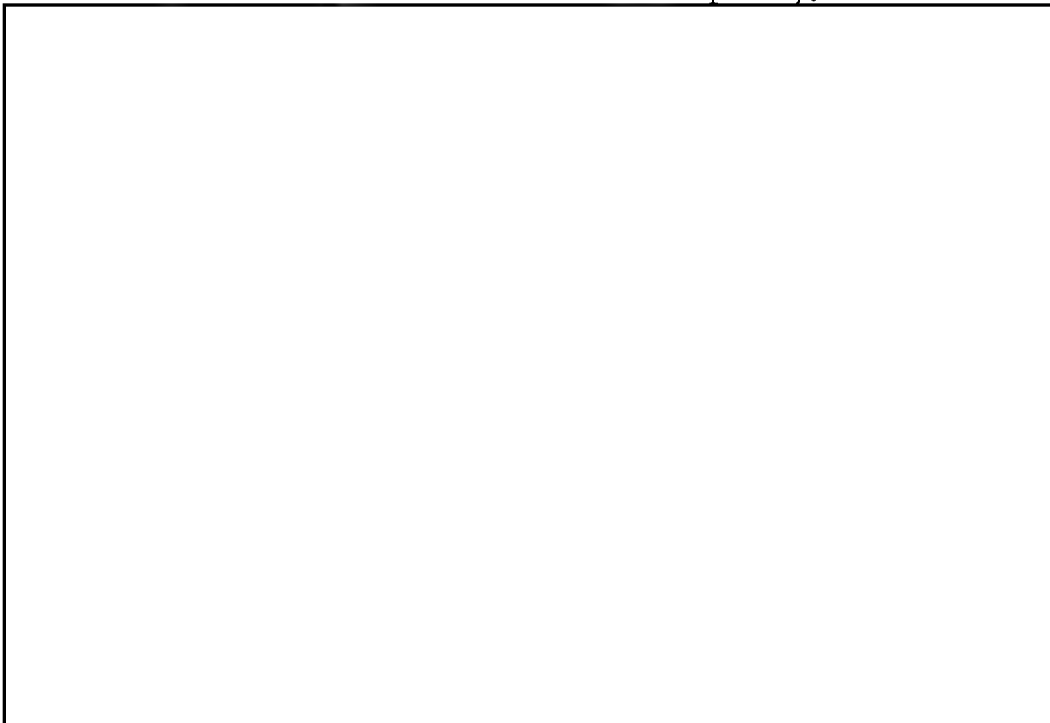
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BRIEFING NOTE

9 October 1967

HAIPHONG PROBLEM

- I. To put the question of Haiphong in perspective, let me start by saying that we would not be striking directly at the enemy's military supply lines by denying him the use of Haiphong.



- II. I believe that the closure of Haiphong to ocean shipping would force the Communists to shift so much additional traffic to overland routes that the rail facilities could not handle all of the increased burden.
- A. The traffic could, however, be absorbed by roads and inland waterways.

-a-

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III. An expanded program not limited to ocean shipping could force the Communists to reduce some of their import programs, because the remaining transportation facilities simply could not handle the entire load.

- A. The expanded program would have to involve closing the approaches to the other ports of Hon Gai and Cam Pha, the use of mines against shallow draft shipping, and intensive armed reconnaissance against transportation targets and lines of communication.
- B. Even the expanded program, however, would not in our estimation make a meaningful dent in the flow of essential military and economic materials, or prevent North Vietnam's continued support of the war in the South.



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SEABORNE IMPORTS BY COMMODITY

	<u>(In Short Tons)</u>	<u>First Half,</u>
	<u>1966</u>	<u>1967</u>
P.O.L.	220,865	156,359
Fertilizer	249,214	122,741
Bulk Foods	85,333	261,921
Timber	14,958	8,922
<u>Misc. & General</u>	<u>447,953</u>	<u>295,837</u>
Total:	1,018,323	845,780

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LAOS

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

CHINA'S NEIGHBORS

- I. At this point, before we get too deeply into the subject of Vietnam itself, I want to swing around the periphery of China to touch briefly on each of the neighboring countries--what their principal problems are, their significance in terms of U.S. interests, and in particular their relations to Communist China.
 - A. After that, we can then come back and finish up with North Vietnam and South Vietnam if you wish.

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

LAOS

I. There is still a war going on in Laos. There are about 18,000 North Vietnamese troops in the country--plus or minus depending on the season--and last year there were more than 1,600 engagements.

A. The long Laotian Panhandle, of course, is the site of the Ho Chi Minh Trail, vital to the Communists for the infiltration of men and supplies into South Vietnam.

1. The bulk of the North Vietnamese troops are in the Panhandle, providing the defense, the administration, and the maintenance of the infiltration road net.
2. They react sharply to any government pressure toward the eastern half of the Panhandle, bordering on South Vietnam.
3. In July, they drove government troops away from positions along the eastern rim of the Bolovens Plateau.

- B. Around the Plain of Jars, where the Laotian war used to center, and still farther north, the Communist military posture is basically defensive.
1. North Vietnamese troops in this area serve mainly as stiffening for the local Pathet Lao Communists.
 2. Occasionally complete North Vietnamese battalions are sent in to lead an attack aimed at rolling back government forces.
- C. By and large, the Communists apparently want to keep the war in the North on the back burner as long as the fighting in Vietnam continues.
- D. They are increasingly hard pressed by the highly successful operations of the Meo tribal guerrillas, and the improved operations of Laotian government forces, aided by U.S. and Laotian tactical air support.
1. The guerrillas actually hold and defend extensive areas astride or threatening Communist supply lines south of Sam Neua.
 2. A year ago government troops took Nam Bac, north of the royal capital at Luang Prabang, and have made it an important base

TOP SECRET

for intelligence and harassment operations as far north as the North Vietnamese border.

3. A government offensive is getting under way in the Plain of Jars area.
 - E. Now some North Vietnamese and Pathet Lao reinforcements have moved into the Plain of Jars area, but this appears to be a defensive reaction to the anticipated government push.
 - F. The Communists will probably also soon launch what has become an annual but largely unsuccessful campaign to drive the Meo guerrillas away from Sam Neua communication lines.
 - G. We also expect a considerably more serious offensive by the Communists to try to retake Nam Bac.
- II. There have been and may still be a few Chinese Communist troops in the Phong Saly area--the large thumb of Laos extending between North Vietnam and China.
- A. This area has been in Communist hands ever since the fighting began in Laos.
 - B. The Chinese troops were there to build a road, and to protect the construction job. They have not engaged in any combat operations.

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III. Prime Minister Souvanna Phouma is firmly in the saddle in Vientiane. Contending military leaders have managed to keep their rivalries toned down; the Pathet Lao elements never showed up to take their places in the proposed coalition government; and General Phoumi and other rightists have fled the country after unsuccessful coups.

- A. Souvanna Phouma still retains the fiction of a tripartite coalition government, but he is a disillusioned neutralist when it comes to his former hopes that he could rule a reunified country peacefully with the Pathet Lao.
- B. He has become a firm anti-Communist as far as Laotian affairs are concerned, and voices strong support for the U.S. effort in both Laos and South Vietnam.

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[redacted] fears the possible military consequences for Laos of proposed allied ground actions against the Ho Chi Minh corridor.

D. Souvanna's misgivings are shared by Lao military leaders.

1. They recently rejected a South Vietnamese proposal for mounting joint cross-border operations against North Vietnamese troops in the corridor.
2. One reason is a genuine concern over possible international repercussions if South Vietnamese troops enter Laos.
3. A more compelling reason, however, is the Laotian fear that if the allies mount military operations from South Vietnam into the eastern Panhandle, the Communists will just swing farther west into areas now under Laotian government control.

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THAILAND

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

THAILAND

I. Thailand, as a member of SEATO and more specifically as an ally of the United States, has maintained a firm anti-Communist policy in Southeast Asia

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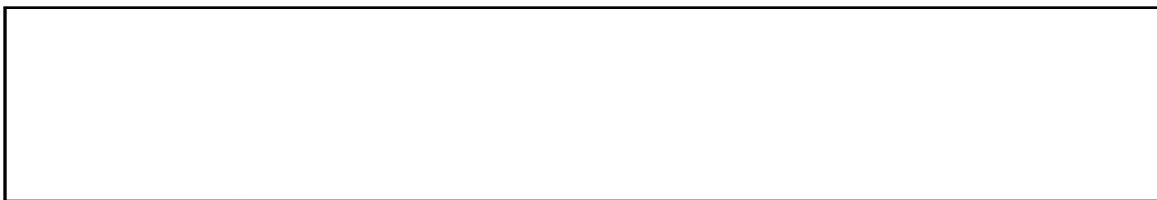
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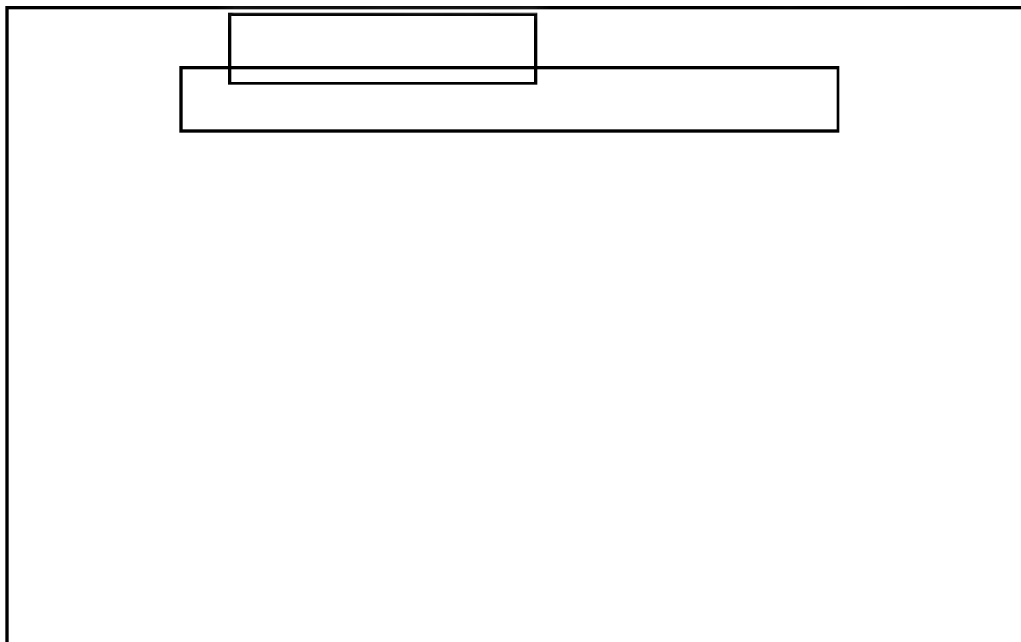


guerrillas have been trained in China and North Vietnam, and they are directed by the Chinese.

II. The Thai leaders for some time now have accepted U.S. help in counter-insurgency training and planning. They believe that they have made a good and timely start at suppressing the guerrillas and denying them popular support.

A. They expect to be able to handle the insurgency

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Before leaving Laos and Thailand, which with South Vietnam form the front line against further Communist advance into Southeast Asia, I want to speculate briefly on the possible form of an eventual Chinese Communist frontal assault against this area.

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CHICOM SEA
OFFENSIVE

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

CHINESE COMMUNIST MILITARY CAPABILITIES TO LAUNCH A
GENERAL OFFENSIVE IN SOUTHEAST ASIA

(MAP, POSSIBLE CHICOM OFFENSIVES IN SOUTHEAST ASIA)

I. The Chinese Communists could launch a formidable
general offensive in southeast Asia

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- II. The strategy of a Chinese Communist offensive in southeast Asia would depend on their goals at the time, as well as their internal situation. They have a wide range of options.
- A. In a maximum effort during the dry season-- November thru March--the Chinese could put 300,000 to 380,000 men into southeast Asia, including 16 to 20 divisions.

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BURMA

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

BURMA

- I. As for Burma, Peking since June has been calling on the so-called "revolutionary masses" of Burma to overthrow the regime of General Ne Win, but has not posed an immediate military threat.
 - A. At one time, Ne Win made major efforts to establish close relations with China. The current frictions arise mainly from Chinese attempts to promote the Cultural Revolution in Burma.
 - B. China's intensified propaganda broadcasts to Burma have centered on Burma's internal problems, particularly the current rice shortage and chronic insurgency.
 - C. Reports of significant Chinese military concentrations in the border area, and of the provision of arms to Burmese insurgents, appear grossly exaggerated.
- II. The Burmese economy continues to deteriorate, mainly because of a lack of farmer incentives

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and an ineffective government distribution system, while only minor reforms are made.

- A. Rice production for 1966-67 was about 6.5 million tons, 1.4 million tons less than the previous year, resulting in an acute rice shortage.
- B. Rice riots have erupted in many parts of Burma. The most serious was at Akyab on August 13, when security forces killed several rioters and wounded others.
- C. Rice export commitments have been reduced by about 25 per cent to meet critical domestic needs.

III. Burma's chronic insurgency problem persists at a high level, but the insurgents' effectiveness is limited by a lack of common objectives and unified direction.

- A. More than 20,000 insurgents, representing various Communist and tribal factions, are engaged in anti-government activities.
- B. Most of the ethnic insurgents, such as the Karen, Kachin, and Shan tribes, traditionally have been both anti-Chinese and anti-Communist.

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- C. Peking's endorsement of the White Flag Communists, who number somewhat more than 4,000, has resulted in an intensified intra-party conflict and the loss of some leftist Karen support.
 - D. The Red Flag Communists, with less than 1,000 members, reportedly have called for a broad-based unity conference in support of the Ne Win regime.
- IV. Despite current Sino-Burmese differences, Ne Win is expected generally to continue his policy of neutrality, non-alignment, and non-involvement in international affairs.

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INDIA

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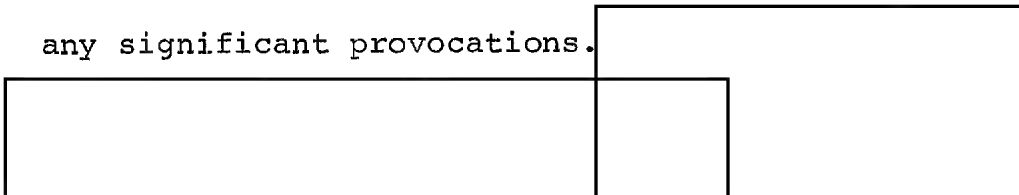
DCI BRIEFING FOR
HARDY SUBCOMMITTEE

INDIA

- I. On the Asian subcontinent, the primary short-term aim of Peking is to keep India from becoming a rival to Communist China.
- A. The Chinese apparently hope that the variety of pressures they are able to apply to India will preoccupy New Delhi and limit Indian economic development to such an extent that India's international influence will be negligible.
- B. The Chinese do not appear interested in establishing Communist governments in South Asia in the near future, but probably hope that eventually economic decline and resultant chaos will allow them to do so.
- C. In the short run, the Chinese probably hope to increase their influence in Pakistan and Nepal, both as part of their effort against India, and as an end in itself.
- D. More pressing domestic and foreign problems

have diverted Peking's efforts, especially in the last year, and Chinese policies have had only partial success.

- II. At present, China appears reluctant to initiate any significant provocations.



- A. Minor border incidents occur frequently all along the disputed Sino-Indian border, and any of them could lead to something on the order of the Sikkim fighting at any time.
- B. The Indians have about three times as many troops on the border as the Chinese, and most of the scenes of border clashes are a thousand miles or more from Chinese rail-heads.

- III. Pro-Peking Communists pose little internal threat to India.

- A. Indian Communists have split into two parties, the smaller of which generally favors the U.S.S.R.
- B. Most of the leaders of the other party-- which once leaned toward China--have been

denounced as revisionists by Peking, but a radical pro-Chinese element remains in the party.

- C. The Communists failed to make significant gains in the last election, although greater cooperation among the opposition has allowed them to head one state government (Kerala) and play a major part in another (West Bengal).
- D. Dissatisfaction in India tends to be expressed through religious, ethnic and regionalist radicalism, rather than economic radicalism.

- C. Peking gave extensive propaganda support to a Communist-led rebellion in a highly strategic area south of Sikkim, but apparently nothing more.
- V. Growing Indian fear of Chinese nuclear capabilities could eventually force India to build its own bomb.
 - A. The drain on the Indian economy would be significant, and could slow economic progress to a dangerous extent.
 - B. The government is still against starting a nuclear weapons program, but domestic pressure for such a program continues to mount.

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PAKISTAN

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

PAKISTAN

- I. Peking looks on Pakistan as a counterbalance to India on the subcontinent.
 - A. Relations between India and Pakistan are inherently bad without any need for incitement by Peking, but the bitterness creates an opening for increased Chinese influence in Pakistan, and for Chinese encouragement of an arms race which neither Pakistan nor India can afford.
- II. The Pakistani government for its part, looks on relations with China as part of a three-cornered balancing act in which the United States and U.S.S.R. are also factors.
 - A. President Ayub wants all the help he can get against India, and sees China as the only country likely to help him if war should break out again.
 - B. Pakistan needs economic aid, and the U.S. is its primary source.

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- C. Ayub is trying to weaken Moscow's support for New Delhi, and has had some success since 1965.
- D. The Pakistanis are willing to go along with any of the three countries as long as the action doesn't hurt relations with the other two. This means avoiding any involvement in disagreements among the three over such issues as Vietnam.

III. Pakistan's relations with Peking remain good, although the Chinese have done little for the Paks lately.

A. The Chinese in 1966 provided [] fighter aircraft, [] jet light bombers, and [] tanks, but extensive arms shipments have now stopped, and there is no indication that any major renewal is in the works.

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- B. Chinese economic aid projected for the period 1965 through 1970 amounts to about \$67 million, or only about *two* percent of the total foreign aid Pakistan expects to receive.
- C. Ayub views his relationship with Peking cynically, and probably doesn't trust the Chinese.
- D. Islamabad is worried about what the Cultural Revolution will do to Chinese support for Pakistan.

E. Nevertheless, there is widespread popular sympathy in Pakistan for China, and the government feels that the impasse with India dictates the maintenance of close ties with Peking.

IV. China poses almost no internal threat to the Pakistani government.

A. The Pakistan Communist Party is illegal, minute, and split.



V. Pakistani relations with the U.S. have improved somewhat since they nosedived when Washington halted military aid during the 1965 war with India.

A. Ayub knows he has to have U.S. economic aid to keep Pakistan's development programs going.

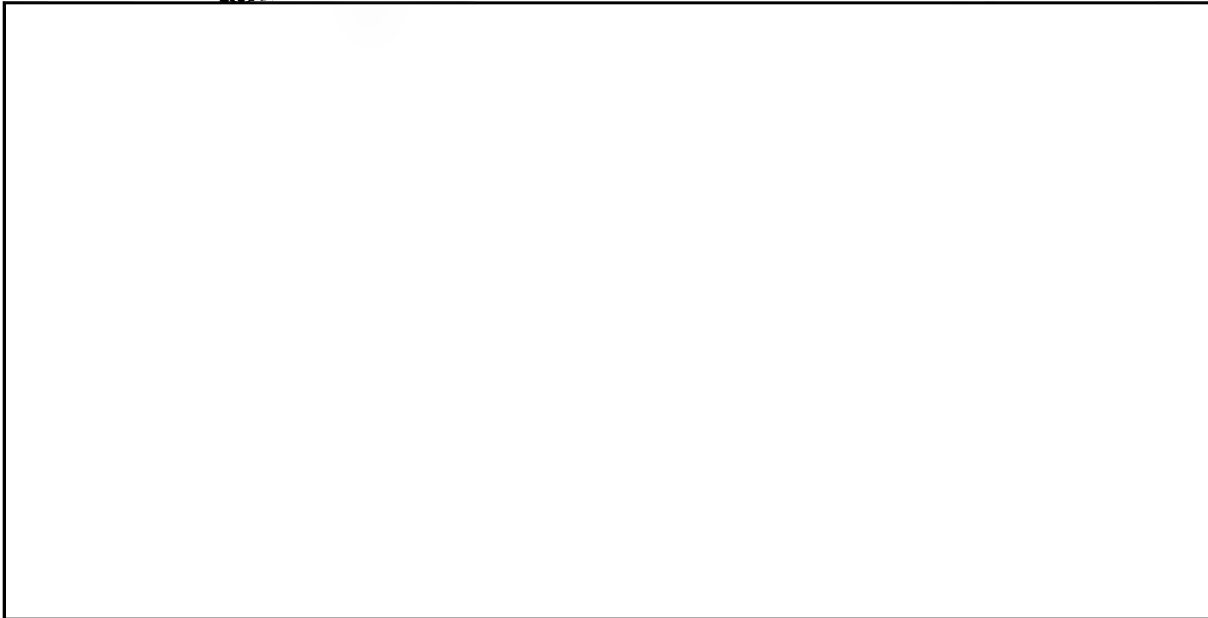
B. He tries to avoid offending Washington, but is unlikely to give active backing to most American policies.

1. Pakistan remains in CENTO and SEATO to please Washington, but participates

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as little as possible to please Moscow
and Peking.

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CAMBODIA

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

CAMBODIA

- I. Cambodia is shielded from direct contact with China by intervening countries, but is nevertheless caught up in the Southeast Asian conflict by its lengthy border with South Vietnam.
 - A. The volatile ruler, Prince Sihanouk, feels menaced by the historical hostility of the Thais and Vietnamese; by what he considers the possibility of U.S. military operations in the Cambodian border area; and by the possibility that Vietnamese Communist use of those same border areas will involve him willy-nilly in the war.
 - B. Until recently, he has been trying to insure his own and his country's future against a Communist victory in Southeast Asia by seeking close relations with Communist China.
 - C. He has found little reassurance against any of his fears.
- II. First and foremost, Sihanouk has been seeking an effective response to allied assertions that the

Vietnamese Communists are using Cambodian territory for logistics, asylum, and staging. He sees in these charges the grave danger that the war will spill over the border from Vietnam into Cambodia on a major scale.

- A. Sihanouk has tried to meet this threat by denying that the Vietnamese Communists use Cambodian territory. He has asked for an expansion of the International Control Commission (ICC) to inspect border areas.
- B. Last month, at Sihanouk's behest, the ICC made its first inspection of suspected North Vietnamese activity in northeast Cambodia.

command and support elements of as many as five North Vietnamese regiments are more or less permanently located in this area.



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- C. The Cambodians are now showing some greater willingness to meet the Viet Cong problem more directly.
1. Sihanouk is trying to curtail the heavy smuggling traffic across the border. Border posts have been instructed to ensure that there is no illegal traffic in rice.
 2. Although some of his motivation is clearly economic, Sihanouk also realizes that much of the smuggling is going to the Viet Cong and, as a consequence, is increasing the threat of allied retaliation.
 3. We have captured enemy documents in which the Communists estimate that Cambodian

sanctuary will become more and more important to them as the war progresses. They also expect however, that it will become increasingly difficult for them to maintain this sanctuary as both Sihanouk's fears and allied pressures increase.

- D. Sihanouk would obviously prefer that the Communists and allies alike stay on the Vietnamese side of the border, but it is clear that he is both unable and unwilling to keep the Communist forces out of Cambodia.
1. For one thing, much of the activity takes place in extremely rough and isolated areas along the 600-mile border, in the northeast provinces of Ratanakiri and Mondolkiri. It is in this area, bordering Vietnam's central highlands, that the Communists have established their infiltration routes and many of their base camps. It is an area over which Phnom Penh has never exercised much more than nominal control.
 2. In addition, Sihanouk apparently still believes that the Communists are ultimately

going to prevail in South Vietnam. As long as he does, it is unlikely that he will move in a meaningful way against them.

3. Hanoi also gained major diplomatic advantage in June by recognizing and agreeing to respect Cambodia's present borders, thereby getting full diplomatic recognition from Sihanouk. On this matter, Saigon has been consistently unresponsive.

III. Communist China has fared less well with Sihanouk in recent weeks.

A. Cambodia's relations with Communist China deteriorated sharply when Sihanouk made his first explicit attack on Peking in a September speech.

1. His anti-Chinese tirade was precipitated by a message sent by Peking to the Cambodian-Chinese Friendship Association after Sihanouk had dissolved it for its "subversive activities."
2. Sihanouk's blow-up has been brewing for some time. He has bitterly resented Chinese efforts to spread Mao's gospel in

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Cambodia, and the bizarre and insulting behavior of Chinese technicians there. The course of the war in Vietnam over the past two years, Peking's negative stand on negotiations, and the upheavals within China have caused Sihanouk to question both the value and viability of close relations with China.

B. At the urging of Chinese Premier Chou En-lai, Sihanouk decided to maintain at least the facade of normal relations with Peking.

1. He fired the two remaining leftist cabinet members, however, and banned all nongovernment newspapers in the country, indicating that he is determined to curtail leftist influence in Cambodia despite the possible consequences for his relations with China.

IV. At the same time, Sihanouk has made it clear that a reconciliation with the west is not in the offing.

A. He remains extremely critical of the U.S. presence in South Vietnam, supporting Hanoi's stand on negotiations.

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INDONESIA

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

INDONESIA

I. China's relations with Indonesia remain severely
strained,

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A. Indonesia is convinced of Chinese involvement
in the abortive Communist coup in 1965

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B. Violent demonstrations against the Chinese
Embassy in Djakarta and against the Indonesian
Embassy in Peking occur intermittently.

C. Indonesia would like to withdraw its remaining
diplomatic personnel from Peking, but China
has refused exit visas.

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- II. Domestically, the Indonesian Government, led by General Suharto as acting president, continues to give priority attention to its economic program.
- A. Indonesia has made progress, under the general guidance of the International Monetary Fund, toward reviving its disastrously deteriorated economy, but much remains to be done.
1. During the coming year, chief emphasis will still be on the anti-inflationary program, but modest development programs will begin.
 2. Development efforts will concentrate on Indonesia's long-neglected transportation and communication systems, the small textile industry, and programs to increase agricultural production.

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- B. Indonesia continues to require foreign economic assistance, and plans to request approximately \$325 million from Western donors for calendar year 1968.
1. At least nine Western nations will meet in Amsterdam in November to consider Indonesia's request.
 2. Last year Western donors lent Indonesia \$200 million; of this amount, the United States contributed \$65 million and Japan \$60 million.
- C. Another means of assistance adopted by both Western and Communist countries has been to reschedule payments on Indonesia's large foreign debt.
1. Later this month Western creditors will discuss rescheduling of debt payments falling due in 1968 through 1970; payments due in 1967 have already been postponed.
 2. Rescheduling agreements with the Soviet Union, Indonesia's largest creditor, and with other Communist countries have either not been completed or have not been ratified.

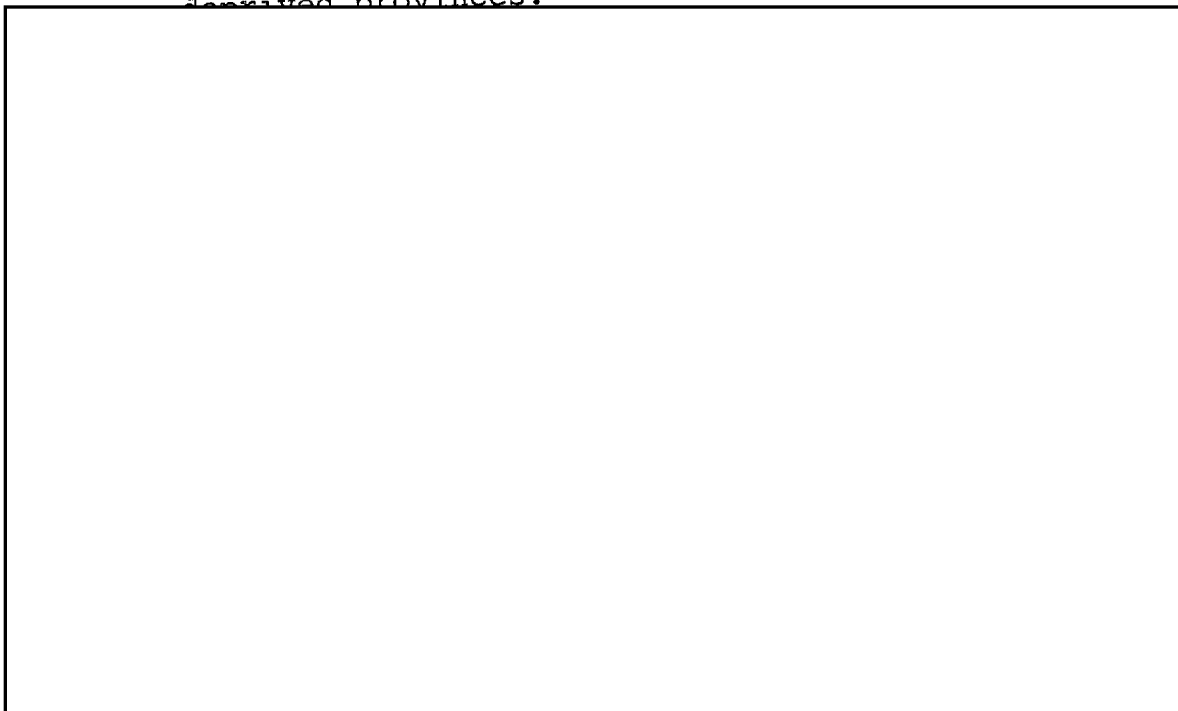
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- a. Indonesia has promised equal treatment to all creditors, and tentative bloc agreements appear no more favorable to Communist creditors than those accorded to the West.

III. Politically, the government is guided by its basic aims of continued suppression of Communism and the development of stable representative government.

- A. The Suharto regime regards Communism as a continuing threat in view of the party's large following before the 1965 coup and the tradition of leftist nationalism and Communism in East and Central Java. These are the two most densely populated and most economically depressed provinces.



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- A. Army leaders are convinced that the army's continued political role is essential to ensure national stability.
- B. Of the nation's two large parties, one--the National Party--has been reluctant to purge its large leftist membership or to abandon its adulation of Sukarno, the former president.
- C. The other major party--the orthodox Muslim Nahdatul Ulama--shows no signs of abandoning its opportunistic policies, and is only a sometime supporter of the regime.
- D. A new Muslim party, approved by Suharto over two months ago, has yet to take shape. Its organizers are embroiled in internal dissension.
- E. Elections are still slated to be held by mid-1968, but parliament has been unable to agree on an election law, and a delay of a year or more is now assured.

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TAIWAN
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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

TAIWAN

- I. The proclaimed policy of Communist China is to take Taiwan, and the proclaimed policy of Nationalist China is to recapture the mainland, but neither side has shown any great eagerness to launch major hostilities since 1958.
 - A. The close proximity to the mainland of Nationalist troops on Quemoy and Matsu islands affords a continuing opportunity for hostilities.
 1. The United States is committed by treaty to defend Taiwan itself and the Pescadores, but there is no formal obligation to defend the closer offshore islands.
 2. Peking is probably uncertain as to what the US would do in the event of an attack on Quemoy and Matsu.



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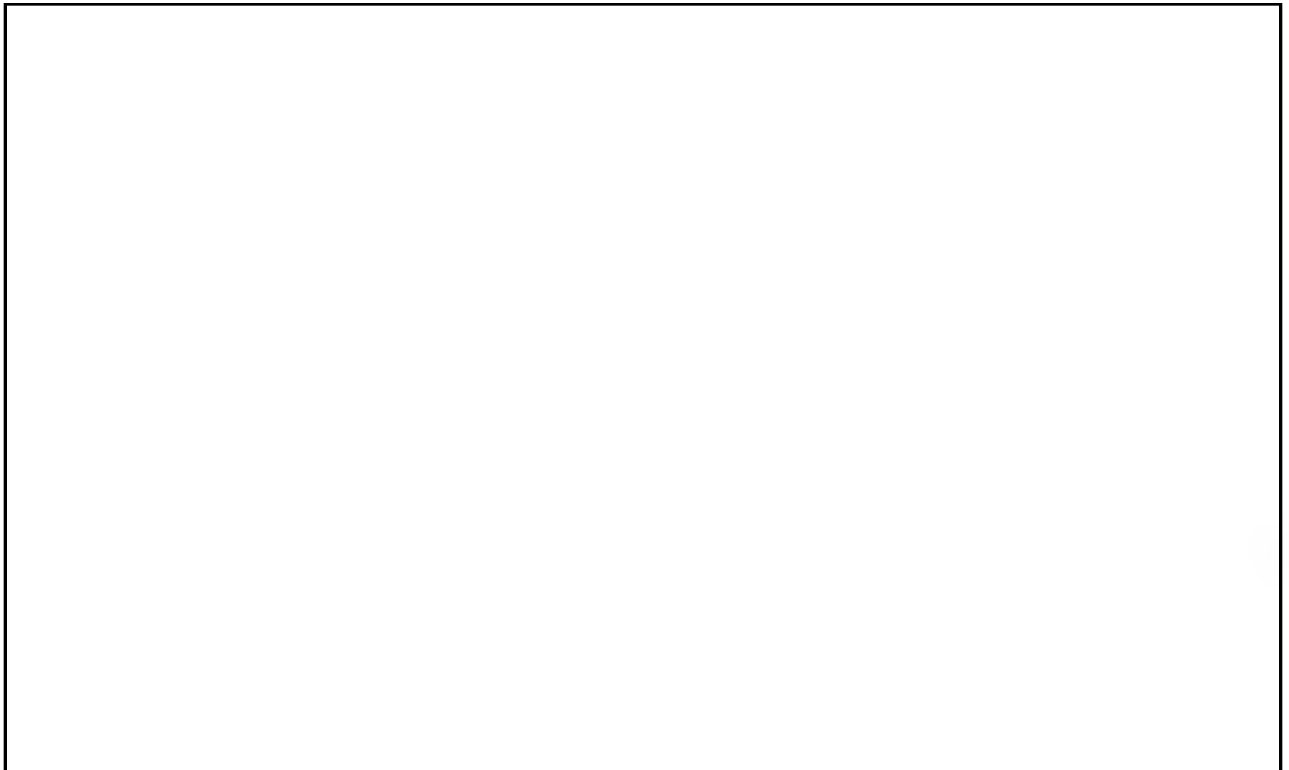
B. Both sides maintain a desultory schedule of firing propaganda leaflet shells on alternate days. The last significant Chinese Communist bombardment of Quemoy was fired as a "salute" to President Eisenhower's visit to Taiwan in 1960.

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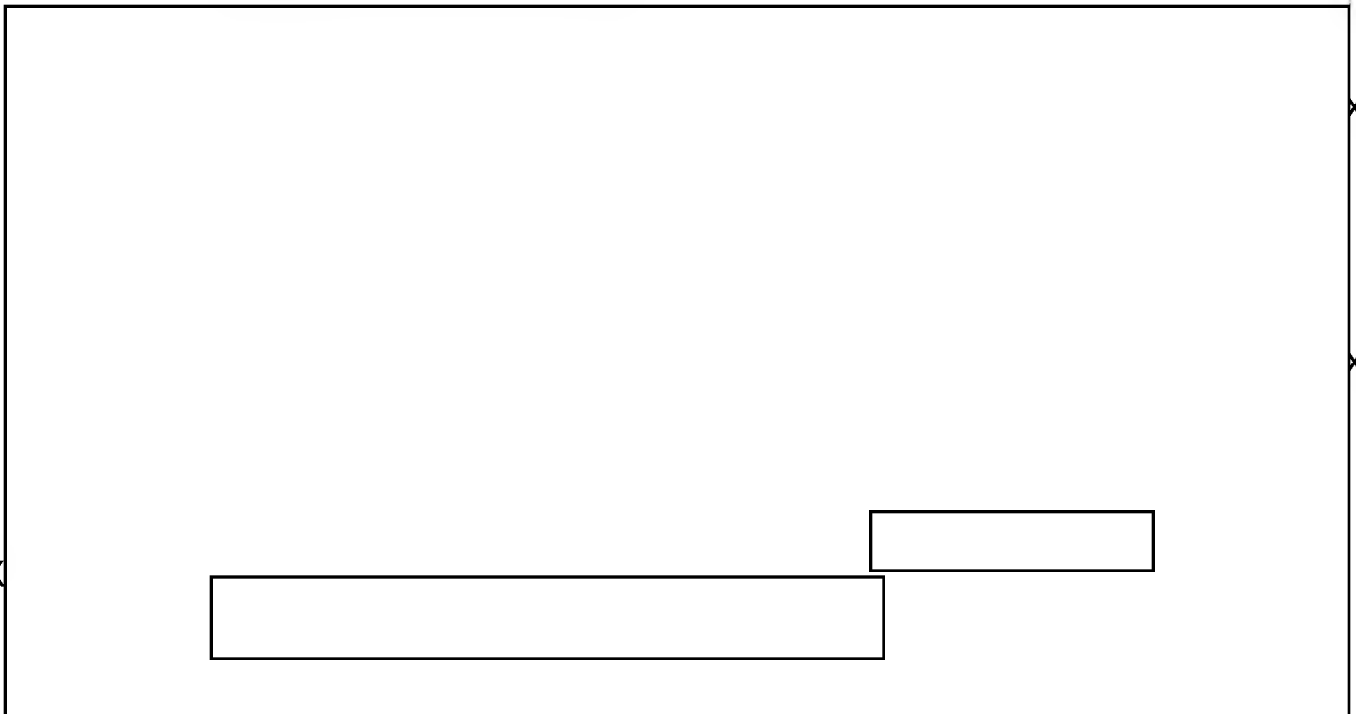
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B. Major hostilities in the Taiwan Strait
therefore appear unlikely.



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B. There is some concern, from Chiang on down, that the US might eventually compromise if it becomes bogged down in Vietnam. Generally, Nationalist leaders are reassured by the present firm stand. Some of them would like to see the war expand to Communist China, in the hope that this would create an opening for the dwindling hope of a Nationalist return to the mainland.

IV. The internal political situation on Taiwan remains relatively stable.

A. President Chiang and the two million mainlanders who escaped to Taiwan when the Communists seized the mainland in 1949 hold political power. They virtually exclude the ten million native Taiwanese from positions of importance. The Taiwanese are resentful, but fragmented and unresisting.

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C. The government is not likely to grant the Taiwanese any real political freedom in the foreseeable future, and the Taiwanese are unlikely to force the issue as long as they find room for their aspirations in a growing economy.

D. The Communist party is outlawed, and the tight security system on the island would reveal any major Communist attempt at subversion.

VIII. President Chiang is alert and in good health, but he will be 80 years old this month, and appears to be slowing down.

A. During the past few years, Chiang has been grooming his son, Chiang Ching-kuo, to succeed him.

B. The succession, however, is almost certain to be stormy. The younger Chiang will undoubtedly be the most powerful individual on Taiwan, but he is not well liked because of his long years as chief of the security services. He lacks his father's support in the party and military.

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HONG KONG

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

HONG KONG

- I. The Chinese Communists have embarked on a long-range campaign to erode the position of the British authorities in Hong Kong, and prepare the ground for an eventual attempt by the local Communists to seize control.
 - A. There is a relative lull at present in the disorders which have shaken the British Crown Colony over the past five months.
 - B. Although the Chinese Communists will refrain from actions against the colony involving the risk of war, they are likely to keep the issue hot, and to continue their support for dissident elements in the colony.
 - C. The British are convinced that the best way to retain their existing rights is to take a strong stand against the disorders and against any humiliating Chinese demands.
- II. The confrontation grew out of local labor problems, indicating that the timing was not chosen

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by Peking, and Communist China has been letting the local Communist leaders in Hong Kong set the pace most of the time.

- A. Firm police action is keeping violence to a manageable level. There are still sporadic bombings and occasional mob outbreaks, but incipient mass demonstrations have been broken up quickly.
- B. Public services are functioning, and shipping in Hong Kong harbor has not been seriously delayed.
- C. Food supplies from neighboring Kwantung Province have been disrupted by the Cultural Revolution turmoil, but there are no serious shortages so far.
- D. Peking's propaganda commentary on the Hong Kong issue has dropped off, and Chinese Army units along the Hong Kong border are exercising better control over militant civilian gangs.

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IV. The long-term outlook for the colony is uncertain at best.

- A. Business confidence has been shaken, and some capital has been flowing out from the colony.
- B. Unless peace, however uneasy, is restored to the colony, a trend could develop which might sharply reduce the rate of economic growth and lead to growing unemployment.
- C. This would provide the Communists with new opportunities, and that may be what they are seeking.

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JAPAN

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

JAPAN

- I. Japan, protected by a defense treaty with the United States, does not consider Communist China an immediate threat, but the Japanese are becoming increasingly concerned over the militancy, the apparent irrationality, and the rapid nuclear development of the Chinese.
 - A. Japanese military authorities note that Japan will soon have to come to grips with the questions raised by China's new advanced weapons capabilities. Japan lies within range of a Chinese MRBM.
 - B. There is considerable public concern in Japan that the security relationship with the United States might involve Japan in Vietnam or other limited wars in Asia.
 - C. Also, as Japan's ambitions for a broader Asian role grow, the Japanese are increasingly aware that their main competitor is going to be Communist China.

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- II. Over the past year, Japanese disenchantment with China has grown as the excesses of the Cultural Revolution have become more pronounced.
- A. Even the continuing high Japanese interest in trade with China is not enough to offset the damage to China's image in Japan.
1. China is much more dependent on Japan's commerce than Japan is on China trade.
 2. Nevertheless, the economic disruption of the Cultural Revolution contributed to a substantial decrease in Japan-China trade during the first six months of this year.
- B. The Japanese Government now views Communist China as the greatest threat to stability in the Far East.
1. The Japanese fear that Peking might take some bold external action to bolster disintegrating internal authority.
 2. Chinese provocation of Asian nations--notably Burma--has had adverse repercussions in Japan.
 3. Sato's efforts to develop political and economic cooperation among non-Communist

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Asian nations are motivated, in part,
by a desire to counter Peking's in-
fluence.

III. We see only minimal chances that Japan will face
any severe internal security threat over the
next several years.

A. The Japanese police and Self-Defense Forces
appear capable of handling any mass disorders,
and a leftist takeover by electoral victories
is unlikely in the near future.

1. The Japanese Communists are presently
at odds with Peking, and their current
party doctrine does not advocate violent
overthrow of the government.

2. As for elections, popular support for the
left-wing parties declined in the last
go-round.

IV. Militarily, Japan is the host for the second
largest U.S. foreign base establishment, a key
element in the U.S. position of strength in the
Far East.

A. Japan's basic defense policy combines reliance
on U.S. protection with a gradual build-up of
indigenous security forces.

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KOREA

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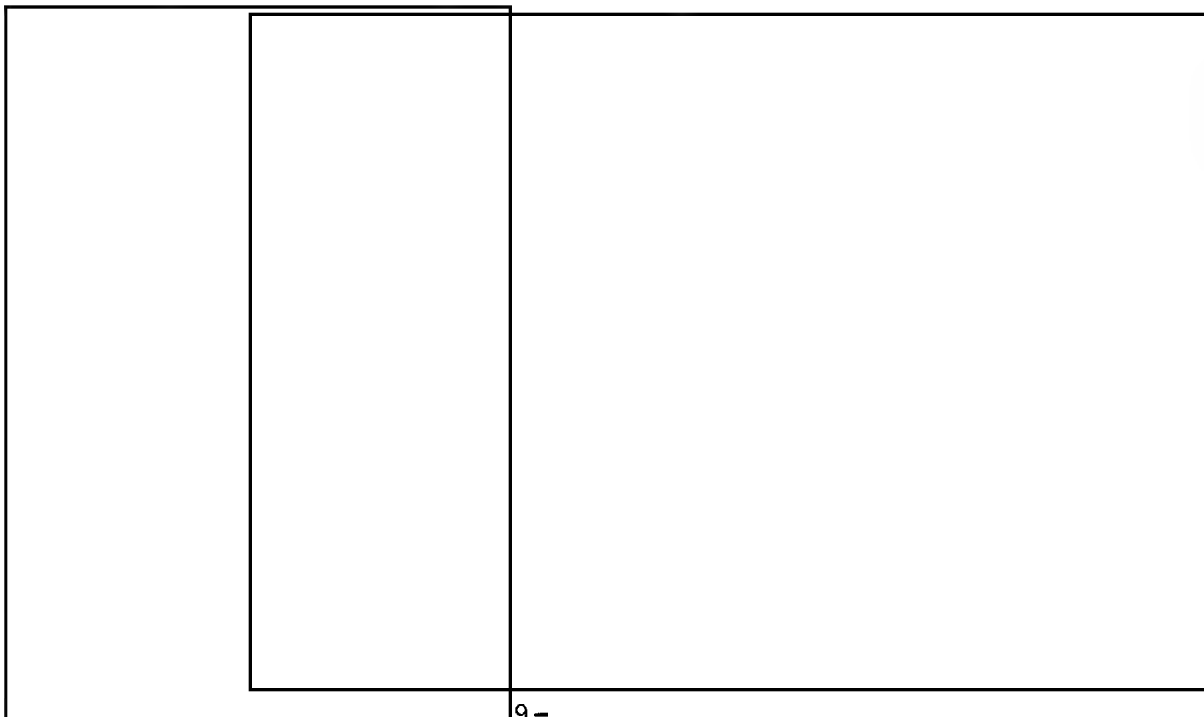
2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

KOREA

I. North Korea has considered Vietnam "the focal point" in the world struggle ever since the summer of 1965, when U.S. ground combat troops began to arrive in South Vietnam, and South Korea announced plans to dispatch a combat division.

A. Last October, Premier Kim Il-song called on Communists everywhere to get tough with the U.S. and to help destroy--in Vietnam--"illusions" about American strength and reliability.



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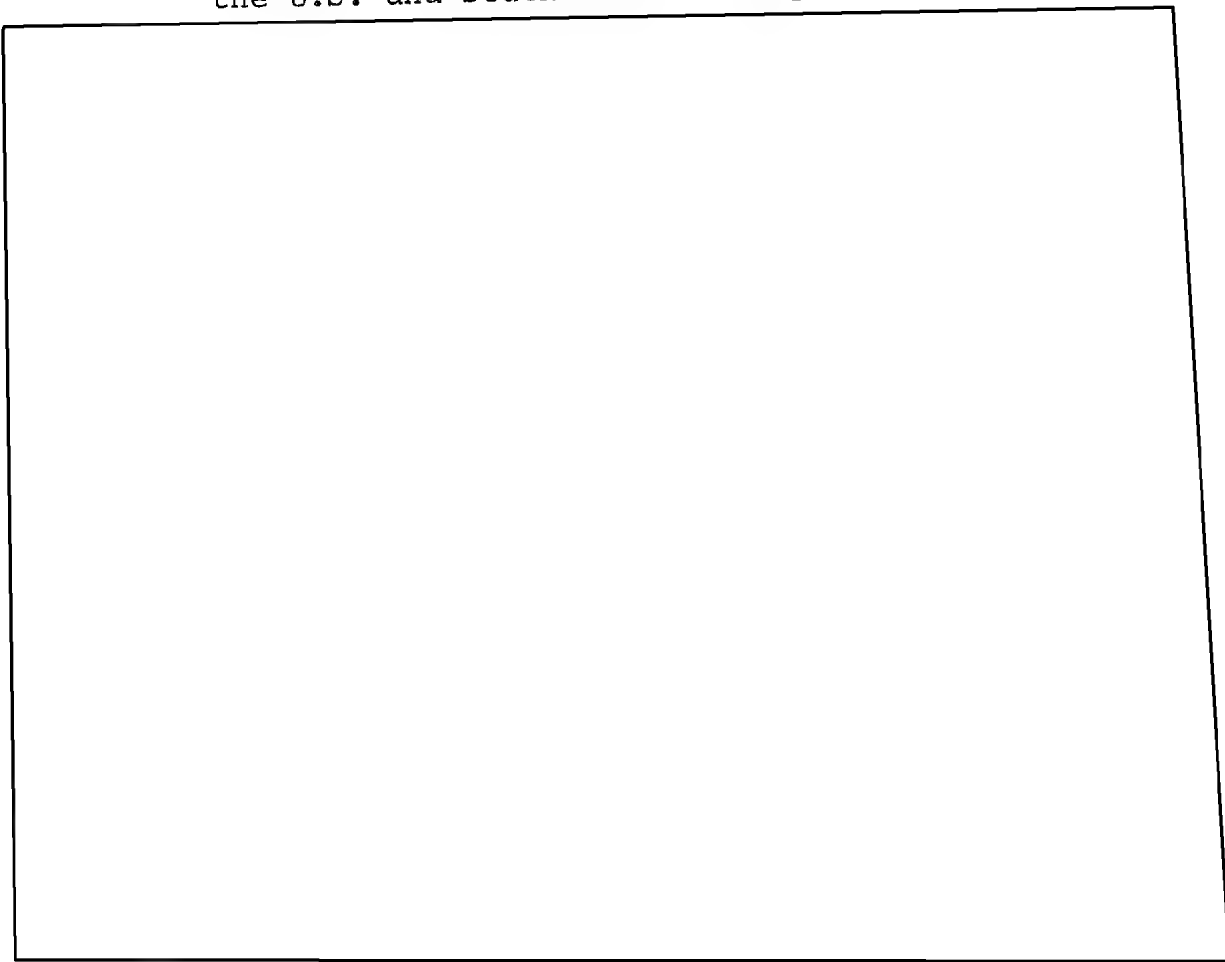
- II. North Korea has tried to maintain an independent stand in the Sino-Soviet dispute since the summer of 1966, when it veered sharply away from the staunchly pro-Peking position it had held since 1962.
- A. Pyongyang's security pacts with both the USSR and Communist China were reaffirmed this year, and North Korea could count on their help if it were invaded.
 - B. Pyongyang, however, appears to have some doubts over the reliability of these allies in view of the USSR's dealings with the West and China's Cultural Revolution.
 - C. These considerations prompted North Korea to emphasize self-reliance and to build up its local, defensive militia forces.
- III. In October, 1966, North Korea embarked on a program of violent action against South Korea which has included armed harassment, agent infiltration, and sabotage.
- A. Armed incidents at the Korean DMZ this year reached more than 340 by mid-September, compared with 42 in 1966, 55 in 1965, and 32 in 1964.

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1. These incidents have involved North Korean attacks on allied outposts, ambushes of patrols, and the movement of agent teams in or out of South Korea.
2. The increase in incidents reported may be due in part to stepped-up patrolling along the DMZ, and greater alertness by the U.S. and South Korean troops.

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IV. North Korean concern over Vietnam appears to be the primary reason for the shift to more militant tactics.

A. Pyongyang probably is trying to discourage South Korea from sending more troops to South Vietnam, keep South Korean and U.S. forces off balance, and test military capabilities and reactions. The North Koreans probably mean to stay below the level which could provoke major retaliation.

B. They also may hope their actions will place a strain on U.S.-South Korea relations, since the South Koreans are known to be chafing under U.S. restraints against retaliation.

C. There is no evidence of a North Korean military build up or of impending North Korean plans for a major military action.

V. The South Koreans, with U.S. help, have reacted vigorously to the North Korean harassment.

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VI. There is some danger that the U.S. forces could be drawn into enlarged Korean hostilities through a series of North and South Korean actions and reactions.

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VIETNAM

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2 October 1967

DCI BRIEFING FOR
HARDY SUBCOMMITTEE

VIETNAM

- I. North Vietnam's position on negotiations remains as stated by its Foreign Minister in January 1967: there can be no talks unless the U.S. unconditionally ends its bombing and all other acts of war against North Vietnam.
 - A. Hanoi is particularly insistent that there will be no reciprocity on its part for a cessation of the bombings.
 - B. North Vietnamese spokesmen have been less than forthcoming on exactly what Hanoi would be willing to talk about, should the U.S. agree to end the bombing.
 - C. Some North Vietnamese officials have intimated that Hanoi would be willing to talk only about matters affecting North Vietnam, and would insist that the U.S. deal directly with the Liberation Front on matters concerning South Vietnam.

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D. As for eventual settlement of the war, the North Vietnamese are still sticking to their Four Points.

II. Hanoi's determination to stick to its hard line is apparently based on the belief that Communist forces in South Vietnam can not be decisively beaten by the number of troops they estimate the United States will put into South Vietnam. Parallel with this is the belief that North Vietnam can continue to withstand any level of conventional bombing without losing its ability to carry on the war effort.

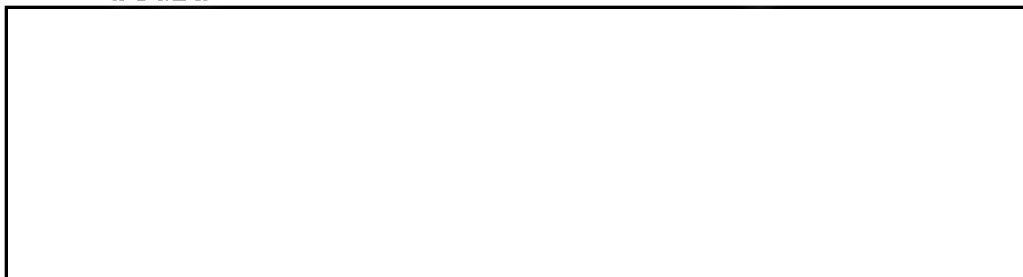
Strategy

- A. North Vietnamese Defense Minister Vo Nguyen Giap has just published a lengthy analysis of the war in which he states that even if the U.S. puts another 200,000 men into South Vietnam, the Communists can maintain a military "stalemate," a situation he believes will ultimately produce war weariness in the U.S. and a willingness to give Hanoi what it wants.
1. Giap's intention, judging both from what he says and what the Communists are doing, is to concentrate the bulk of his

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regular forces in a few strategic areas, rather than disperse them less effectively throughout the country.

2. Such an area is carefully chosen close to a safehaven, so that troops can be quickly withdrawn or reinforced.
3. Giap claims the area just south of the Demilitarized Zone is ideal as a strategic zone, and he implies that the highlands area close to Laos and Cambodia is another.



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B. Giap's strategy is to force the U.S. to draw off troop strength from other areas of South Vietnam to meet the challenge in the DMZ and the Western Highlands.

1. This relieves U.S. pressure on coastal and southern areas and enables Communist guerrillas and local forces, in conjunction with limited numbers of main force units, to operate more effectively.

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2. It is interesting to note that the bulk of infiltrating North Vietnamese units during 1967 have been committed to the northern portion of South Vietnam.

C. General Giap undoubtedly intends the build-up of Communist forces in and south of the DMZ to accomplish more than just the relief of U.S. pressure on local Communists further south.

1. He would like very much to inflict at least one fairly sizeable defeat on U.S. forces, and would be willing to take heavy casualties himself to gain such a victory.
2. He will follow the course he laid out more than ten years ago against the French, gradually building up his forces in the DMZ area, increasing the level of artillery and heavy weapons fire on U.S. outposts, stepping up guerrilla actions behind the line, and interference with U.S. lines of communication.

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3. He is unlikely to throw his troops rashly against a heavily fortified U.S. position unless and until he believes he has enough troops to neutralize the U.S. force and to offset the ability of the U.S. to support its troops with artillery, air support and reinforcements.

III. In certain measure, General Giap's strategic plan has been forced on him by the success of U.S. military operations in South Vietnam.

A. In some areas of South Vietnam, Communist main force units have been dealt heavy blows; many Communist base areas have been destroyed; planned Communist military operations have been disrupted; and the Communist political apparatus has been pressed hard.

1. As a result, some Communist main force units have been avoiding large scale combat for the past six months.
2. They have been concentrating instead on small-unit operations, sporadic mortar

and rocket attacks, mining of roads, and other unconventional actions.

3. By these tactics, the Communists have managed to stay in the field, cut losses and still tie down large numbers of U.S. and Allied troops.

Enemy Manpower

- IV. At present, Communist main force strength in South Vietnam is an estimated 118,000. Of these, about 54,000 are North Vietnamese.
 - A. In addition, there are an estimated 70,000 to 90,000 full-time, armed Communist guerrillas in South Vietnam.
 - B. The Communists also have a poorly armed, largely untrained irregular force called the militia or self-defense force, which may have numbered about 150,000 in 1966. It has probably declined in strength since that time, however.
 - C. Other organized Communist elements include a military logistic and administrative support service of ^{at least} 35,000 to 40,000 men, and about 80,000 political functionaries.

- D. All of these people contribute in one way or another to the Communist war effort, and take a share of the casualties.
- V. Thus far during 1967, about 60,000 Communist personnel have been killed in action, according to the Allied body count. This is more than the total for all of 1966.
- A. To offset these losses, the Communists rely on two sources: infiltration from North Vietnam, and recruitment in South Vietnam.

Infiltration

1. In 1966, at least 55,000 and possibly as many as 85,000 North Vietnamese troops were infiltrated into South Vietnam.
2. Thus far in 1967, we have information on the movement of at least 23,000 and possibly as many as 35,000.
3. There may have been many more, but because of the considerable time lag--as much as six months--in detecting many of the infiltrating groups, it may be some time before the true total can be ascertained.

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- B. There appears, however, to have been a major change both in the character and in the purpose of infiltration since mid-1966.
1. In the first part of 1966, it appeared that the North Vietnamese were attempting to match the build-up of Allied forces in South Vietnam and were pumping regular infantry units as well as fillers and replacements south at a heavy rate. Almost all of these men and units came through Laos and were sent to areas considerably south of the Demilitarized Zone.
 2. In addition, there was considerable evidence that the Viet Cong were beefing up their main force units and were even depleting their guerrilla and militia forces to do so.
 3. All this was in keeping with the plan advocated by General Nguyen Chi Thanh, then commander of the Communist forces in South Vietnam.
 4. General Thanh believed that Communist forces, supplemented both from North Vietnam and

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from assets in South Vietnam, could maintain the military momentum gained in 1965 against the South Vietnamese Army.

5. His view was opposed rather vigorously by a group of generals led by Defense Minister Giap, who apparently argued that the Communists could not match the U.S. either in numbers of troops or in firepower, but instead would have to rely on superior tactics.

C. It appears that a decision was reached in Hanoi in mid-1966 to slow down on the infiltration of regular North Vietnamese infantry units and to switch the major military effort to the DMZ area.

1. In part this decision was the result of experience on the battlefield which proved Giap correct.
2. In part also, the decision may have been reached because the Communists had reached a basic force structure they believed sufficient for the kind of war Giap intended to wage.

Recruitment Potentials

- VI. An examination of North Vietnam's manpower and mobilization potential reveals that Hanoi can continue to send men to South Vietnam at a rate of about 75,000 to 100,000 per year without strain.
- A. North Vietnam could double this number, but it would require a maximum effort which would be difficult to sustain.
1. These figures are based upon an estimated two million physically fit males between the ages of 15 and 49 available for military service.
 2. So far, only those between 17 and 35 have actually been drafted.
 3. Some North Vietnamese boys under 17 years of age have been picked up in South Vietnam, but these appear to be isolated instances in which a local North Vietnamese official may have dipped into the younger age group to meet his draft quota.
- B. Some 110,000 physically fit youths reach draft age each year, the majority of whom are drafted.
1. North Vietnam does not appear to have reached the bottom of its manpower barrel.

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We have seen no indication that it has diverted a significant portion of manpower from such areas as consumer services, education, or the private business sector of the economy.

2. There are an estimated 350,000 males in these sectors, at least some of whom could, if necessary, be put into the army.

VII. North Vietnam has managed to expand its own armed forces at home at the same time that it has sent large numbers of men to South Vietnam.

A. At present, we estimate that North Vietnam's in-country armed force is about 384,000, including infantry, air defense and all other components.

1. In 1965, before the U.S. combat involvement in the war, the strength of the North Vietnamese armed forces was estimated to be about 225,000.
2. According to a recent statement by the Chief of Staff of the North Vietnamese Army, the present force level in North Vietnam is sufficient for the present level

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of fighting, suggesting that the military drain on North Vietnamese manpower resources this year will be relatively small compared to that of the last two years.

3. This, in turn, will free more men to be sent to South Vietnam.

VIII. We cannot be precise about the manpower resources available to the Communists within South Vietnam, but we estimate that the Viet Cong have access to approximately 1.5 million males between the ages of 15 and 45.

- A. Allowing for those already in the various Communist organizations and those unfit for useful service, there remains a pool of some 700,000 to 800,000 men of military age.
- B. The Viet Cong are having trouble recruiting from this pool, however, because of other requirements such as farming, and because mounting U.S. pressure on Viet Cong controlled areas is causing people to flee from the Communists.
 1. It is estimated that Communist ability to recruit men in South Vietnam has dropped from a high of about 7,000 per month in 1966 to about 3,000 to 5,000 per month in 1967.

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2. As result, the Viet Cong have become increasingly dependent upon North Vietnam to provide replacements and new units for the main forces.

Supplies

- IX. Communist forces in South Vietnam also need a regular flow of supplies from outside the country to keep the war going at the present level.
 - A. Present requirements from outside sources run about 55 to 60 tons per day. That includes 40 to 45 tons a day of food, almost all of which comes from Cambodia directly or through Laos.
 1. Weapons and other quartermaster-type goods represent about 5 tons per day of the total requirement, and ammunition accounts for about 9 tons per day.
 - B. Communist dependence on outside sources of supply is growing.
 1. In part this is due to the growing proportion of North Vietnamese troops in South Vietnam who are increasingly armed with heavier weapons and who are positioned in many instances in food deficit areas.

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North Vietnamese Economy

- X. As for the economy of North Vietnam, the war has stripped away the few modern industrial trappings that North Vietnam had managed to accumulate before the war.
- A. A handful of industrial plants given by China and the USSR had begun to supplement the cottage industry accounting for most North Vietnamese production. These plants have stopped or severely curtailed production.
- B. Construction of new industries with Communist assistance has virtually stopped.
- C. Agricultural production has been so disrupted by the war that ^{increased} food imports are now necessary to maintain ration levels.
1. This one vital economic activity of North Vietnam has suffered from the loss of managerial cadres, manpower, and investment resources to the war effort.
 2. The disruptions of war, combined with the usual weather and insect problems, have brought three poor rice harvests in succession since the spring of 1966.

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3. Food imports, largely from the Soviet Union and China, have sustained ration levels, but the population grumbles at the unfamiliar wheat flour and other rice substitutes issued as part of their rations.

D. Economic plans drafted during the war allot the bulk of investment to the transportation system and the development of local industries.

1. The money for maintaining and expanding transport routes is coming mostly from increased foreign aid.

2. Hanoi hopes that more local industries would provide the simple tools for farm production and consumer goods for daily life, but the program to increase these industries has lagged badly.

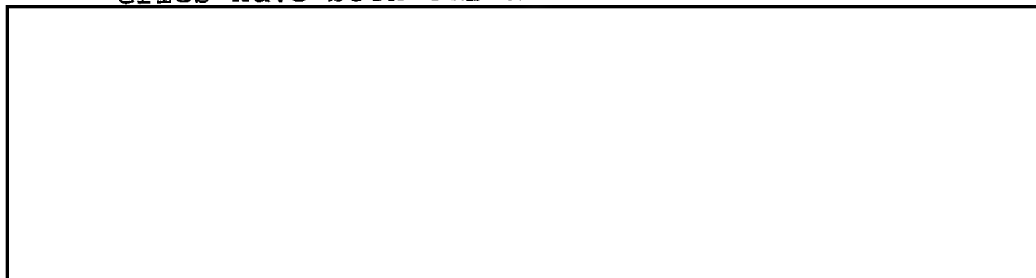
E. With continued Communist assistance, there is no reason the economy cannot go on supporting the current level of war activities.

1. However, the government is falling farther and farther behind in acquiring the industries it feels are a necessary part of economic development.

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F. The destruction of transport and electric power facilities has affected economic as well as war activities.

1. The transport of war goods is being carried out successfully, if at great cost in manpower and materials, but civilian passenger transport and postal deliveries have been curtailed.



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South Vietnam

XI. The reorientation of the South Vietnamese Army (ARVN) toward a pacification mission has given increased responsibility for combat operations against the Communist main forces to the U.S. and other allied forces.

- A. The current strength of the South Vietnamese armed forces totals about 735,800. This figure includes 327,700 regulars, 343,700 paramilitary Regional and Popular Forces, and 64,500 police forces.

- B. Some 54 of ARVN's total 154 maneuver battalions are currently assigned to a pacification or Revolutionary Development support mission. At least 61 battalions remain on combat assignment.
- C. A reorganization of the Regional and Popular Forces is now in the mill to include retraining for a pacification defense mission, a stepped up U.S. advisory effort, and improved logistic support.

ARVN Performance

XII. The over-all performance of South Vietnam's armed forces remains spotty. Some improvements in combat and morale are evident, but serious weaknesses remain.

Statistics

- A. The desertion rate for regular forces, 14.4 per month per thousand in 1966, is down to about 10.7 so far this year. A similar trend is apparent in the paramilitary forces.
- B. The number of ARVN operations achieving contact with the enemy remains significantly below that achieved by other allied forces, but is improving. The small-unit contact rate, down about 50 percent last year from 1965 figures, is again rising.

ARVN operations in battalion strength or greater, making contact about 40 percent of the time in early 1966 and early 1967, now have risen to 45 percent.

- C. Weekly South Vietnamese combat fatalities, averaging 216 in 1965, dropped to about 183 in 1966, are back up to about 210 a week at present. (The U.S. weekly average, which is now about double the rate for 1966 but also reflects a much larger combat commitment, was about 215 for the second quarter of 1967, slightly above the Vietnamese rate.)
- D. The ratio of weapons lost by the government and by the enemy, running against the South Vietnamese as late as the latter half of 1965, has been reversed and now favors the government by about three and a half to one.

XIII. Leadership remains a major factor in the ARVN shortcomings.

- A. This problem results from a traditional practice of selecting and assigning officers on a basis of political consideration rather than merit, and from continued tolerance of corruption and inefficiency at all levels.

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- B. Although Vietnam's military leadership plans to purge some 50 or more officers, including some of general's and field grade rank, it appears unrealistic to expect the early elimination of favoritism, corruption and incompetence from the armed forces.
- C. ARVN recruiting continues to suffer from the severe competition--both military and civilian--for manpower.
- D. Troop discipline has improved, but some abuses of the local population and of prisoners and detainees persist.

Revolutionary Development

XIV. The ARVN battalions now assigned to Revolutionary Development support have been specially trained for their mission, which brings them into closer contact with the local populace.

- A. Although some battalions are proving effective in providing increased security for development activities and in conducting their own civic action projects, ARVN's over-all performance in its pacification mission continues to reveal weaknesses.

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- B. A few battalions, for example, have apparently actually committed only some subordinate companies to RD support; others are apparently rotating between pacification support and regular combat duty.
- C. In some cases, battalions do not appear to be deployed so as to provide an effective security shield for Revolutionary Development workers.
- XV. Although progress in the Revolutionary Development program has been uneven and setbacks have occurred, nearly all aspects of pacification have registered some gains over the past year.
- A. According to South Vietnamese Government figures, slightly over one-third of South Vietnam's 12,500 hamlets (or about 4,700) were rated secure as of 31 July this year.
1. These figures are a rough measure of rural security, but cannot be considered absolute; they cannot be firmly equated with the findings of a new U.S. system introduced this year for measuring pacification progress in terms of both security and effective government presence.

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2. Under the new U.S. criteria, more than 5,000 hamlets have been found to have some more or less effective degree of security and government authority, but their individual ratings vary widely; the total U.S. figure is roughly similar, however, to the total hamlets which the Saigon government regards as secure day and night or in daytime only.
- B. There are at present some 570 Revolutionary Development teams in the field, compared to 533 at the end of July; current training schedules call for about 615 by the end of 1967.
 1. The performance and strength of these teams varies, but with each team expected to work in about two hamlets this year, the first semester's goals had been generally accomplished by September.
 2. The main problems are with team leadership and the technical training of team members. The first is being corrected with intensified leadership training. It will not be easy to overcome the team member shortcomings. Manpower problems have forced some reduction of recruitment standards, and under the inten-

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sified enemy pressure, the attrition rate for this year is projected at more than 30 percent in desertions and casualties.

C. The most serious problems are still the local security environment in which the teams must operate, and the amount of support and direction given by provincial and district officials, including action in the hamlets once the RD teams themselves have moved on.

D. The current pacification program is nevertheless the most effective concerted effort to date to counter Viet Cong influence at the local level.

the enemy regards the program as a threat.

1. Through August this year, there were 797 Communist incidents directed against RD teams, resulting in almost 360 RD personnel killed.

2. The incident rate has more than doubled since the beginning of this year, and was at an all time high in August.

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Chieu Hoi

F. Another aspect of the pacification effort, the Chieu Hoi or defector program, has been bringing in almost twice as many Communists each year since 1964.

1. In 1967, through mid-September, 22,852 persons have rallied, compared to 12,666 for the same period last year, and about 22,000 persons in all of 1966.

Population Control

XVI. The government's control over the population has been steadily expanding.

- A. In contrast to three years ago, when slightly less than half of the total South Vietnamese population was under government control, as of July this year some two-thirds of the country's estimated 17,100,000 persons were living in government-controlled or influenced areas.
- B. Some of this increase reflects an expansion of secure areas, but much of it represents rural migration to towns and cities, and a flow of refugees--about a million and a half refugees in a year and a half--from contested or Communist-controlled territory to government areas.

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C. So far, only one complete province--An Giang in the delta--is considered essentially pacified. Considerable progress has been made in areas along the coast in South Vietnam's II Corps, as well as in scattered districts throughout the country.

Political Situation

XVII. Despite relatively favorable prospects for political stability under South Vietnam's newly elected government, there are several storm clouds on the horizon which could change the atmosphere.

A. The charges raised by many disappointed presidential and senatorial candidates against the conduct of the September elections have served to detract from the victory of the military ticket and to accentuate its minority mandate--34.8 percent of the total vote--in relation to the combined vote for civilian candidates.

1. This problem could be eased by the appointment of a largely civilian cabinet. The military leaders reportedly intend to occupy only a few cabinet positions vital to the war effort, and to rely on technicians rather than politicians for their civilian complement.

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- B. The militant Buddhists under Tri Quang are already beginning to test their influence against the new government, partly over a religious question, and partly because of resentment over the heavy Catholic representation in the new senate.
1. The militants have been seriously weakened since their 1966 struggle, but they retain some ability to generate emotional issues which could seriously strain the new regime.
 2. Their potential has been enhanced somewhat by their recent alliance with several defeated presidential candidates for the purpose of trying to invalidate or discredit the elections.
 3. This alliance may be directed into legal opposition channels if the Buddhists and their current disgruntled political allies gain some representation in the lower house, to be elected on October 22nd.
 4. On the other hand, these groups may decide to boycott the election and to try to work for overthrow of the government through street action.

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C. Student groups have also become restive, partly under apparent prodding by the defeated candidates and possibly with some Buddhist or Communist encouragement.

1. An ominous note in recent demonstrations has been increasing criticism of the war effort, and of alleged U.S. interference in internal South Vietnamese affairs.
2. There are some indications that the present government is prepared to crack down on disruptive elements before they can get out of hand; it has already suspended or closed several irresponsible newspapers, and has revived long-standing legal charges against Truong Dinh Dzu, the runner-up in the presidential elections.

XVIII. At present, South Vietnam's military leadership appears to have closed ranks in an effort to ensure that the new Thieu government will be stable and generally responsive to military interests within its constitutional framework.

A. There continue, however, to be underlying strains which could undermine military unity and the degree of stability it has brought the country.

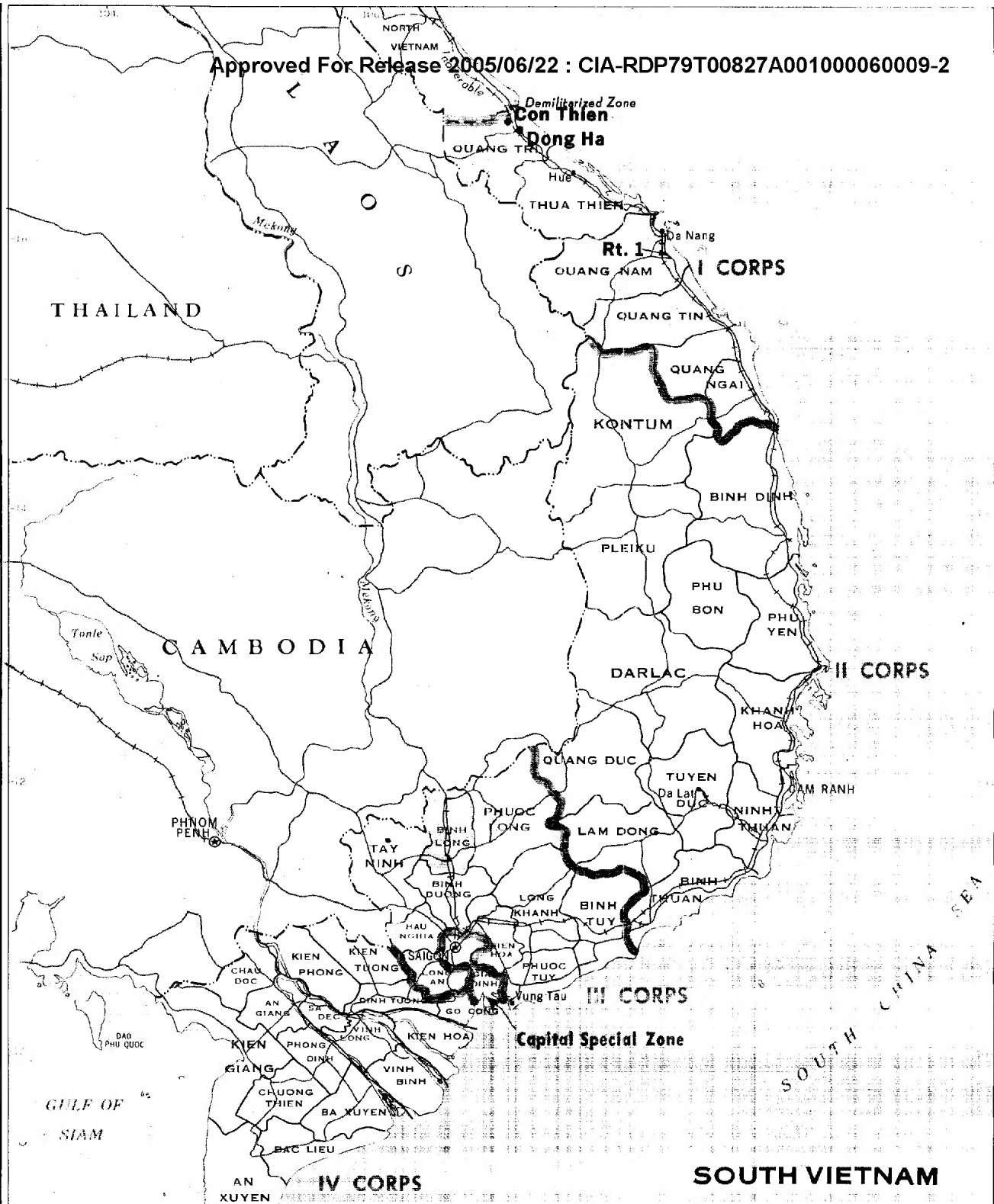
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- B. The most serious problem remains the rivalry between Thieu and Ky, which appears to have sharpened as a result of the military agreement that Ky take second place on their presidential ticket.
1. The contest between Thieu and Ky for power in the new government has not been fully resolved, but their initial clash over the selection of a new prime minister may have been papered over when the senior generals endorsed Ky's preference.
 2. Ky, abetted by followers who hope to retain influence by riding on his coattails, is likely to continue probing for areas in which he can pressure Thieu into sharing presidential power.
 3. Thieu, in turn, appears acutely sensitive to the danger of becoming Ky's front man, and is likely to continue maneuvering to reduce Ky's influence.
- C. Although this rivalry could at any time result in an open breach with potentially serious repercussions, the senior generals presently appear able to restrain both men in the interest of military unity.

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1. This situation may eventually evolve into a perpetuation of collective military rule behind a constitutional facade.
 2. A civilian-dominated legislature should offer some check on the military, but could prove troublesome unless it can also cooperate with the executive.
- D. Another potential threat to future political stability lies in the attitude of a number of field grade officers generally identified as the "Baby Turks."
1. This element has for some time clamored for reforms to stamp out military corruption and inefficiency, and tends to be somewhat critical of the political role of the generals.
 2. The anticipated purge of corrupt officers from the military service may tend to mollify the complaints of the "Baby Turks."
 3. The new government's problems should be further eased if it can move rapidly to articulate and implement other programs offering some early promise of tangible political, social and economic reforms.

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